



K22P 1443

Reg. No. :

Name :

III Semester M.Com. Degree (CBSS – Reg./Sup./Imp.)
Examination, October 2022
(2019 Admission Onwards)
COM3C13 : INCOME TAX LAW AND PRACTICE

Time : 3 Hours

Max. Marks : 60



Answer **any four** questions in this Section. **Each** question carries **1** mark for Part (a), **3** marks for Part (b) and **5** marks for Part (c).

1. a) Who is an Assessee in Default ?
b) Differentiate between STCA and LTCA.
c) Mr. Milton, a foreign cricketer comes to India for 100 days every year since the financial year 2011-12. Find out his residential status for the Assessment Year 2022-23.
2. a) What is transferred balance ?
b) Explain the tax treatment of gratuity.
c) Mr. Sharma is getting a pension of Rs. 12,000 per month from a company. During the previous year he got his one-third pension commuted and received Rs. 7,38,000. Compute the taxable amount of commuted pension, if he did not receive gratuity.
3. a) What is annual value of house property ?
b) Radha took a loan of Rs. 16 lakh @ 10% p.a. on 1-7-2019 for constructing a house. The construction of the house was completed in the previous year 2021-22. Compute the amount of interest deductible in computing the income from house property for the A.Y. 2022-23 if the house is let out.
c) Calculate Annual Rental Value if MRV – Rs. 1,00,000; FRV – Rs. 1,20,000; Actual rent is Rs. 16,000 p.m. and SRV – Rs. 1,40,000. Date of completion and letting out is 01-07-2021.

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4. a) What is unabsorbed depreciation ?
- b) Write note on amortization of preliminary expenses.
- c) Compute the amount deductible in computing profits and gains of business for the Assessment Year 2022-23 (i) if purchased patent for Rs. 4,00,000 in May 2021 and (ii) purchased trademark for Rs. 3,00,000 in November 2021.
5. a) Explain Tax-free commercial securities.
- b) Mr. Ram took a house at Rs. 1,000 monthly rent and spent Rs. 2,000 (annual) for repair and maintenance of the house. He let out half portion of the house to his friend at Rs. 800 per month. He is owner of a house which is let out for Rs. 600 per month and repair expenses were Rs. 800. Compute his income from other sources for the Assessment Year 2022-23.
- c) Shri Sharma sells his only residential house in Mangalore on 24th August, 2021 for Rs. 55,00,000 and incurs an expenditure of Rs. 50,000 in connection with transfer. Cost of acquisition of the house for him in 1998 was Rs. 2,80,000 and as on 1st April, 2001 the fair market value was Rs. 8,00,000. On 16th January 2022 he deposited Rs. 12,00,000 in the Capital Gain Account Scheme. Compute the taxable capital gains for the A.Y. 2022-23. The CII for 2001-02 was 100 and 2021-22 is 317.
6. a) How can we set off the loss of specified business as per Sec. 35 AD ?
- b) Compute the total income of Mr. Shifas for the Assessment Year – 2022-23 with the following information : Income from House Property (loss) – Rs. 15,000, STCG – 2,10,000; LTCG (loss) – Rs. 75,000 and other sources – Rs. 10,000.
- c) Compute the total income of Ms. Zerah for the Assessment Year 2022-23.
Gross Total Income is Rs. 10,00,000
She deposited in RPF – Rs. 1,00,000
She paid donation to political party Rs. 10,000 by cheque and Prime Minister's National Relief Fund Rs. 15,000 by cheque.
She paid medical insurance premia on the health of her spouse Rs. 27,000 by cheque.
- (4×9=36)**



SECTION – B

Answer the **two** questions in this Section. **Each** question carries **12** marks.

7. a) Explain the various deductions available while computing income from house property.

OR

- b) Mr. Arun is an employee in a limited company at Ernakulam. From the following particulars, calculate his income from salary for the year 2021-22.

Salary Rs. 55,000 per month

House rent allowance Rs. 2,400 per month

Dearness allowance Rs. 5,000 per month

Entertainment allowance Rs. 1,200 per month

Festival allowance Rs. 2,000

Hostel allowance Rs. 500 per month was given for his daughter studying in a college

He and his employer contributed to RPF @ 14%

Once small car is given to him by the employer both for private and official use.

Expenses met by the company.

He lives in a rented house, the monthly rent being Rs. 10,000.

Assume that he had paid employment tax Rs. 1,200 during the year and that he had spent Rs. 600 per month for entertaining the customers of the company.

8. a) Explain the situations where clubbing of income is applied.

OR

- b) Dr. Raghav is a doctor in Bhopal. He prepared the following Receipts and Payments Account for the financial year 2021-22.

Receipts and Payments Account for the year ended 31-3-2022

Receipts	Amount	Payments	Amount
Balance cash in hand	1,22,000	Cost of medicines	8,000
Bank loan (private purpose)	3,000	Surgical equipment	10,000



Sale of medicines	25,250	Motor car (second hand)	1,20,000
Consultation fee	1,55,000	Car expenses	6,000
Visiting fee	24,000	Salaries	4,600
Gifts from friends	4,500	Rent of dispensary	1,600
Rent from let out property	36,000	General expenses	300
(Standard rent 40,000)		Personal expenses	1,11,800
		Life insurance premium	3,000
		Interest on bank loan	300
		Insurance of property	200
		Balance cash in hand	1,03,950
	3,69,750		3,69,750

Two third of the motor car expenses are in respect of personal use. Depreciation allowable on surgical equipments 15%. He has paid professional tax Rs. 3,000 and municipal taxes Rs. 6,000 (10% of M. V., for let out property) during the year which have not been recorded in the account. Compute his Income from Profession for the year 2021-22.

(2×12=24)

