

(FOR THE CANDIDATES ADMITTED  
IN THE ACADEMIC YEAR 2020 ONLY)

20UCF411

REG.NO.

N.G.M.COLLEGE (AUTONOMOUS): POLLACHI  
END-OF-SEMESTER EXAMINATIONS: JULY 2022

B.COM (FINANCE)  
SEMESTER: IV

MAXIMUM MARKS: 70  
TIME: 3 HOURS

PART – III

INCOME TAX LAW AND PRACTICE

SECTION - A (10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

MULTIPLE CHOICE QUESTIONS.

(K1)

- Which one of the following is not a taxable income?
  - Legal income
  - Illegal income
  - Diversion of money
  - Application of money
- Dearness allowance is taxable in the case of \_\_\_\_\_.
  - Private employees
  - Govt. employees
  - Semi-Govt. employees
  - All employees
- Rate of depreciation on furniture is \_\_\_\_\_.
  - 10%
  - 20%
  - 15%
  - 25%
- Income from other sources is a \_\_\_\_\_.
  - Residuary head of income
  - Major head of income
  - Income from a single source
  - Constant and regular income
- Loss from speculation business can be set off against income from \_\_\_\_\_.
  - Speculative business
  - Non-speculative business
  - Business
  - any head of income

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES (K2)

- Who is a Resident?
- What is meant by allowance?
- Explain the term Speculation.
- Write a short note on capital asset.
- Give an example of intra-head setoff.

SECTION – B

(5 X 4 = 20 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)

11. a) State the features of income.

(OR)

b) Mr. Sharma, a crew in an Indian ship, left India on 10/8/20 and came back to India only on 15/6/21. Determine his residential status for the previous year 2020-21.

12. a) Mr. Ragu joined in an institution on 01.01.2021 at the scale of 15, 000 p.m. Salary falls due on 1st day of the next month. Calculate his basic salary for P.Y 2020-21.

(OR)

(Contd....2)

b) Mr. Sabari retires from the Central Government service on 31.05.2020. He gets pension of Rs. 13,500 p.m. up to 31.01.2021. With effect from 1.2.2021, he got one third of his pension commuted for Rs.1,20,000. Ascertain the taxable amount of pension for the P.Y. 2020-21.

13. a) Enumerate various deductions allowed to income from business (or) profession.

(OR)

b) Profit and loss account of Mr. Kalidoss showed a profit of Rs.75,000 for the year ended 31.03.21. The opening and closing stock are valued at Rs.24,000 and Rs.36,000 respectively. Stocks are undervalued by 25%, Compute his taxable income from business.

14. a) Mr. Danial had bought a residential house on 01.01.20 for Rs.10,00,000 Further he spent Rs. 1,00,000 to repair the house on 10.10.20. He sold the property on 01.02.21 for 15, 00,000. He paid a brokerage 15, 000. Compute the capital gain for the P. Y 2020-21.

(OR)

b) Mr. Singaravel has furnished the following particulars. Compute his gross total income for the previous year 2020-21.

I. Income from salary	60, 000
II. Loss from house property	40, 000
III. Loss from business	15, 000
IV. Short term capital loss	5, 000
V. Long term capital gain	8, 000
VI. Income from other source	30, 000

15. a) Mr. Gomatheeswaran has submitted the following information. Compute his gross total income for the previous year 2020-21.

	Rs.
Salary income (gross)	63,000
Business income (loss)	80,000
House property income (loss)	20,000

(OR)

b) Explain the provisions relating to set off of losses.

### SECTION - C

(4 X 10 = 40 MARKS)

**ANSWER ANY FOUR OUT OF SIX QUESTIONS (K4 (or) K5)**

**(16<sup>th</sup> QUESTION IS COMPULSORY AND ANSWER ANY THREE QUESTIONS)**

16. Mr.Narasimhan has received the following income during the P. Y. 2020-21.

	Rs.
Salary received in India for five months	15,000
Income from House property in India (computed)	12,350
Interest on savings bank deposit in SBI	5,000
Amount brought to India out of past untaxed profit earned in France	25,000
Income from Agriculture in Malaysia being invested in India	10,000
Income from business in Singapore being controlled from India	35,000
Dividend received in Germany from French companies, of which Rs.5, 000 was remitted to India	50,000

You are required to compute total income of Mr. Narasimhan for the P. Y. 2020-21, if he is

- resident and ordinarily resident
- resident but not ordinary resident
- non-resident

(Contd....3)

17. M/S. Parrys India Ltd. grows sugarcane to manufacture sugar. The following are the particulars relating to its income during the P. Y. 2020-21.

Particulars	in lakhs
Cost of the cultivation of sugarcane (5, 000 tonnes)	10
Sugarcane sold in the market (1, 000 tonnes)	3
Sugarcane used for sugar manufacturing (4, 000 tonnes)	-
Cost of conversion	5
Salary to staff	6
Sugar produced and sold in market	25

Compute and classify the income of Parrys Ltd.

18. From the following particulars of Mr. Parthiban, working at Mayiladuthurai, compute his gross salary.

	Rs.
Basic pay	7,500 p.m
D.A (not forming part of salary)	4,000 p.m
Bonus	6,000 p.a
Commission (2% of turnover)	8,000 p.m
Education allowance	500 p.m
Hostel allowance	600 p.m
Dress allowance (actual expenditure being Rs. 3, 000)	4,000 p.a
Conveyance allowance (actual expenditure being Rs.800 p.m)	1,000 p.m
Tiffin allowance	600 p.m
CCA	2,000 p.m
House rent allowance (actual rent paid is Rs.3,500 p.m.)	3,000 p.m

19. From the following P& L account of Mr. Sathish, compute his taxable income from business for the P. Y 2020-21.

Particulars	Rs.	Particulars	Rs.
To Opening Stock (Overvalued by 20%)	30,000	By Sales	1,20,000
To wages	20,000	By Closing stock (Overvalued by 25%)	40,000
To Salary	25,000	By Income from Capital gain	20,000
To Advertisement	15,000	By Bad debts Recovered (Disallowed earlier)	8,000
To Provision for bad debts	5,000		
To Gift	3,000		
To Net Profit	90,000		
	1,88,000		1,88,000

20. Following incomes are received by Mr. Anbu for the P. Y. 2020-21.

	Rs.
i. Winning from horse races	1,500
ii. Incomes from writing articles in journals	2,500
iii. Dividend	5,000
iv. Gift from father	3,000
v. Income from agricultural land in Malaysia	10,000
vi. Winning from lotteries	4,000
vii. Income from undisclosed sources	5,000
viii. Dividend from a foreign company	6,000
ix. Interest on fixed deposit	2,000
x. Interest on National Defense Gold bonds 1980	5,250

21. Explain the deductions that are allowed u/s 80C of the income tax act 1961.

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