

2022

TAXATION-I — HONOURS

Paper : CC-4.1 Ch

Full Marks : 80

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Group - A

1. (a) Distinguish between heads of income and sources of income.
(b) State the heads of income under which the following incomes are to be assessed :
(i) Mitali, received rent of ₹ 96,000 by letting out one of her flats to a tenant.
(ii) Chaitali, a widow received ₹ 1,20,000 as pension due to death of her husband. 3+(1+1)
- Or,**
- (a) Mention any two cases when previous year and assessment year may be the same.
(b) Mention any one 'Partially Agricultural Income' and also the percentage of income to be treated as 'agricultural income'. 2+(1+2)
2. Mr. Anderson, a foreign national came to India for the first time on November 14, 2017. Subsequently he stayed in India during 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22 for 80 days, 170 days, 90 days, 150 days and 70 days respectively. Determine his residential status for the assessment year 2022-23. During the previous year 2021-22, he earned income of ₹ 3,70,000 from a business in Bangladesh which is controlled from India. Discuss the taxability of such income in India. 4+1
3. From the following information, compute income from other sources of Mrs. Sabana Mollah for the assessment year 2022-23 : 5
(a) Dividend received from a foreign company ₹ 16,000.
(b) Dividend received from an Indian company ₹ 10,500.
(c) Family pension received @ ₹ 14,000 per month.
(d) Rent received from sub-letting a house ₹ 35,000; rent payable by Sabana for the above house ₹ 20,000; other expenses incurred in connection with the house amounted to ₹ 7,500.

Please Turn Over

4. From the particulars given below, compute the total income of Mr. Dibakar Sen for the assessment year 2022-23. He has one minor son and one minor daughter. 5

	Amount (₹)
(a) Income from business	2,70,000
(b) Income of his son Debojyoti, an artist, acted in a bengali movie.	1,20,000
(c) Winning from lottery (gross)	20,000
(d) Mr. Sen's wife is a government servant and her income computed under the head salaries	2,50,000
(e) Interest on fixed deposit with SBI in the name of his daughter Dwitiya.	1,20,000

Or,

- (a) State the conditions to be satisfied to allow rebate under section 87A of the Income Tax Act.
 (b) What is the quantum of rebate u/s 87A? 3+2

Group - B

5. (a) From the following information, compute allowable depreciation and capital gain (if any) for the previous year 2021-22 :

	Plant and Machinery	Furniture
	(₹)	(₹)
WDV as on 01.04.2021	5,00,000	1,00,000
Purchases during 2021-22 (Out of purchase of Plant and Machinery. ₹ 1,00,000 purchased on 03.12.2021)	3,00,000	20,000
Sale proceeds	2,00,000	1,50,000
Rate of depreciation	15%	10%
Additional depreciation	20%	—

- (b) Discuss the admissibility or otherwise of the following items in computation of income under the head 'Profits and Gains of Business or Profession' for the assessment year 2022-23.
- (i) ₹ 25,000 paid to a creditor in cash in a day.
 (ii) Interest on capital of ₹ 27,000 paid to the proprietor of a sole proprietorship business.
 (iii) Penalty of ₹ 15,000 paid to customs authority for violation of Customs law. (5+2)+3

Or,

Following is the Receipts and Payments Account of CA Dipankar Debnath, a practicing Chartered Accountant for the year ended 31st March, 2022. Compute income from Profession for the assessment year 2022-23.

10

Receipts	₹	Payments	₹
Balance b/f	1,50,000	Rent	1,80,000
Professional receipts	8,20,000	Electric charges	12,000
Fees from other accounting works	65,000	Remuneration to audit clerk	80,000
Salary from a college as guest lecturer	1,20,000	Salary to office staff	1,20,000
Gift from client (For appreciation of service)	25,000	Life Insurance Premium	15,000
Examiner's remuneration from ICAI	40,000	Miscellaneous office expenses	8,000
Interest on deposit	70,000	Purchase of Motor Car (01.04.21)	3,50,000
		Motor car expenses	75,000
		Membership fee of ICAI	1,500
		Donation to Calcutta University	10,000
		Household expenses	56,000
		Purchase of professional journals	10,000
		Balance c/f	3,72,500
	12,90,000		12,90,000

Other information :

- 1/5th of the motor car expenses related to personal use.
 - Depreciation allowable on motor car @20% p.a.
 - The rent and electric charges are in respect of a house, of which half the portion is used for self-residence and remaining half portion is used for the office of his profession.
6. (a) State whether the following items are capital asset or not u/s 2(14) :
- Motor car held for personal use.
 - Stock of raw materials held for business purpose.
- (b) State whether the following assets are short-term capital assets or long-term capital assets :
- Jewellery purchased on 15.05.2018 and sold on 10.10.2021.
 - Shares in Sun Ltd. (listed) purchased on 20.02.2020 and sold on 21.12.2021.
 - Shares of Moon Ltd. (unlisted) purchased on 19.01.2019 and sold on 22.05.2021.
- (c) On 15.11.2021, Hridhee sold a flat for ₹ 18,10,000. She acquired the flat on 11-12-2012 for ₹ 6,00,000. Expenses on sale of flat amounted to ₹ 10,000. She purchased a residential house on 25.01.2022 for ₹ 6,00,000.

Compute the amount of taxable capital gain for the assessment year 2022-23.

[Cost Inflation Index (CII) : 2012-13 : 200; 2021-22 : 317]

2+3+5

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7. Following are the details of incomes/losses of Mr. Sayan Paul for the financial year 2021-22 :

	Amount
	₹
Income from Salaries	6,00,000
Income from House Property :	
– from let-out House A	1,50,000
– from let-out House B	(3,75,000)
Profits and Gains of Business or Profession :	
– Business I	3,00,000
– Business II	(50,000)
– Business III (Speculative business)	10,000
– Business IV (Speculative business)	(20,000)
Income from other sources :	
– Interest on fixed deposit account	5,000
– Winning from lottery (Gross)	15,000
– Owning and maintaining race horses	(10,000)

(Figures in brackets represent losses)

You are required to determine The Gross Total Income and losses to be carried forward by Mr. Sayan Paul for the assessment year 2022-23. 10

Or,

- (a) From the following information, calculate the amount of deduction allowable under section 80GG. of Mr. Chhetri for the assessment year 2022-23 :

	Amount (₹)
Business income	4,50,000
Rent paid by Mr. Chhetri for house occupied for his residential purpose in Kolkata	7,500 p.m.
Deduction u/s 80C	67,500

Neither he nor his wife or children owns any house in Kolkata.

- (b) State the rate of deduction in respect of the following donations :
- (i) Donation to National Defence Fund
 - (ii) Donation to Ram Krishna Mission
 - (iii) Donation to a notified organisation for promoting family planning.

Group - C

8. From the following information furnished by Mr. Bhojohari Manna, an employee of a private sector company for the previous year 2021-22, calculate Income from Salaries for the assessment year 2022-2023.

15

Basic Salary ₹ 55,000 p.m.; Dearness Allowance (50% of which forms part of salary) ₹ 20,000 p.m.; Entertainment Allowance ₹ 2,500 p.m.; Conveyance Allowance (he spends ₹ 20,000 during the previous year for official purposes) ₹ 3,000 p.m.; House Rent Allowance ₹ 22,000 p.m.; actual rent paid for a house in Kolkata ₹ 25,000 p.m.; Children Education Allowance for 3 children ₹ 500 p.m. per child; Medical Allowance (he spends ₹ 15,000 for his medical treatment) ₹ 3,000 p.m.; Mr. Manna contributes 12% of salary to RPF and his employer also contributes the same amount; Interest credited to accumulated balance of the PF @ 12% is ₹ 36,000; He is provided with a self driven 1200 CC car which he uses for both official and private purpose. Car is owned by the employer and all the expenses are borne by the employer. Professional tax @ ₹ 200 p.m. is paid by the employer.

Or,

- (a) Sri Bikash Basu retired on 31.10.2021 from a private sector company after serving 32 years and 10 months and received ₹ 7,50,000 as leave encashment. His basic salary on the date of retirement was ₹ 30,750 per month (Annual increment of ₹ 1,500 p.m. falls due on 1st May every year). Dearness Allowance is payable @50% on basic salary (not forming part of salary). According to the service rule, he is entitled to 25 days leave for each year of completed service. He actually availed 500 days of leave during his service period. Compute the taxable amount of leave salary under section 10(10AA) in the hands of Sri Bikash Basu for the assessment year 2022-23.
- (b) How will you value the furnished accommodation owned by an employer and provided to an employee rent free?
- (c) Mr. Ranjit Sen was working with a company at a salary of ₹ 30,000 p.m. On 31.12.2021, he left the job and received ₹ 3,75,000 as refund from Unrecognised Provident Fund. The amount of ₹ 3,75,000 includes ₹ 75,000 as accumulated interest. Both Ranjit and his employer contributed equal amount to the Provident Fund. How the amount received by Mr. Sen will be treated for income tax purpose during the assessment year 2022-23? 6+4+5
9. Mr. Christopher owns three houses at Patna. He furnishes the following particulars for the previous year 2021-22.

House No. 1 : The house was constructed in 2019 and let out to a tenant at a monthly rent of ₹ 20,000 per month. He has paid ₹ 22,000 as municipal taxes @ 10% of Municipal Value. He has also paid fire insurance premium of ₹ 5,000.

House No. 2 : Ground floor is let out @ ₹ 30,000 p.m. First floor identical to ground floor is occupied by him for his residence. Municipal taxes paid @ 20% amounted to ₹ 1,20,000.

House No. 3 : The house was constructed in 2010 and is used for his business. The annual value of this house is ₹ 2,00,000 and he spent ₹ 10,000 as municipal taxes and ₹ 4,000 for repairs.

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Other information :

- (a) A loan of ₹ 60,00,000 has been taken on 01.06.2018 for construction of House No. 2. Construction of the house was completed on 01.06.2020. He repaid the entire loan on 31.12.2021. Interest on loan is payable @12% p.a.

Compute his income from house property for the A.Y. 2022-2023.

15
