

SUNDARBAN MAHAVIDYALAYA
C.U. B.COM.INTERNAL EXAMINATION 2020
SEMESTER – IV
TAXATION-I (CC4.1CH)
FULL MARKS: 50 TIME: 2 HRS.

Group - A

Answer any two questions: (2x20=40)

1. K. Mitra (aged 42 years) is employed as a Chief Executive Officer in a private gas company at Durgapur on January 1, 2014 on a scale of Rs. 13,500-300-16,500-500-19000. He furnishes below the particulars of his income and other relevant matters for the previous year 2019-20:

- (a) Basic salary – as per scale.
- (b) Dearness allowance – 100% of first of Rs. 5,000 of his basic salary + 50% of the balance, subject to a minimum of Rs. 10,100 per month.
- (c) Project allowance Rs. 2,500 per month.
- (d) Bonus – last two months' basic salary of the previous year 2019-20.
(Bonus of Rs. 45,900 for the previous year 2018-19 is also received during this year).
- (e) Commission – 0.2% of turnover of Rs. 50,00,000 (75% of which is achieved by Mitra).
- (f) Accommodation at Burdwan owned by the employer is provided: Fair rent Rs. 5,000 per month; salary of the gardener (recruited by the employer) amounting Rs. 400 per month is also paid by the employer.
- (g) Use of company's car for travelling from residence to office and back to residence.
- (h) Gas worth Rs. 32,500 (manufacturing cost) is supplied by the company for his household consumption.
- (i) The company makes the following payments/contributions for K.Mitra:
(i) Electricity charges Rs. 34,500; (ii) Income-tax penalty Rs. 2,600; (iii) Contribution to RPF Rs. 25,000; (iv) Contribution to approved gratuity fund Rs. 12,500; (v) Insurance premium on an accident insurance policy for the benefit of Mitra Rs. 12,800.
- (j) K.Mitra incurs the following expenses:
(i) Purchase of books amounting Rs. 9,500 for employment purposes; (ii) Medical expenses of Rs. 62,000 for the medical treatment of his own at Chennai in a private hospital (The entire amount is, however, reimbursed by the employer); (iii) Life insurance premium on the life of his dependent brother Rs. 7,500; (iv) Payment of professional tax Rs. 1,800.
- (k) The following deductions are made by the employer from his salary:
(i) Own contribution to RPF Rs. 1,500 per month; (ii) Rent for the accommodation Rs. 1,500 per month; (iii) Income-tax Rs. 2,000 per month
- (l) Interest @ 10% per annum is credited to RPF on March 31, 2020 on an accumulated balance of Rs. 2,50,000
- (m) He invested Rs. 50,000 in NSC (VIII Issue) and Rs. 30,000 in MEP of UTI.
- (n) He has earned interest of Rs. 22,780 from NSC.
- (o) He has received Rs. 35,000 (net after tax @ 30%) from lottery, Rs. 7,500 as dividend from Indian Company and Rs. 54,200 as bank interest from a fixed deposit with SBI and Rs. 8,500 from savings bank accounts in different banks.
- (p) He has received interest of Rs. 5,200 from post office savings bank accounts held in his name.

Compute Income from Salaries and Deduction under section 80C (15+5=20)

2. From the following information **compute income from house property** of Shri Ramkrishna Patra for the assessment year 2020-21:

Particulars	Kolkata house on freehold land	Mumbai house on leasehold land	Chandigarh house on freehold land
Date of completion	31.08.2011	01.09.2016	01.01.2019

House used	Let out for residential purpose	Let out to employees not necessary for business	Self-occupied
	Rs.	Rs.	Rs.
Rent received	60,000	75,000	-
Municipal value	63,000	72,000	55,000
Lease rent	-	150 p.m.	-
Repairs	8,000 (borne by tenant)	-	3,000
Interest on loan	7,000	8,000	15,000 (including arrear of Rs. 2,000)
Vacant for	-	2 months	3 months

Additional information:

(i) Municipal tax is levied @ 10% on municipal value and is to be paid quarterly. During the previous year 2019-20, Mr. Patra paid municipal tax in respect of the Kolkata house for two years including tax for the previous year 2019-20. However, in respect of the Mumbai house, the municipal tax for the last quarter remains unpaid.

(ii) Mr. Patra could not occupy the Chandigarh house due to transfer to some other place by his employer.

(iii) During the previous year 2019-20, Mr. Patra recovered Rs. 8,000 in respect of arrear rent, the benefit of which has already taken.

Will there be any difference in computation of income from house property if Mr. Patra transfers his Kolkata house to his wife without consideration? (7+7+4+2=20)

3. The following is the Profit and Loss Account for the year ended 31st March, 2020 of Deccan Sugar Mills of which Shri A is the owner:

Particulars	Rs.	Particulars	Rs.
To Manufacturing expenses	6,85,295	By Sale of sugar and molasses	11,61,300
~ Excise duty	1,07,500	~ Rent from agricultural lands	950
~ Salary and wages	1,20,495	~ Revenue from fisheries	3,700
~ Establishment charges	50,150	~ Sale proceeds from canes	6,07,355
~ General Charges	13,750	~ Profit on sale of motor truck	1,230
~ Fine paid to excise department	1,750		
~ Interest on bank loan	24,000		
~ A's remuneration	41,000		
~ Depreciation	69,000		
~ Cultivation expenses	4,57,500		
~ Income-tax	25,000		
~ Net Profit	1,79,095		
	17,74,535		17,74,535

Compute the income of Shri A from the Sugar Mills for the assessment year 2020-21 after taking the following information into consideration:

(i) Sale proceeds of cane include Rs. 5,12,000 on account of cane produced and consumed in the factory and debited to manufacturing expenses, the average market price of such cane being Rs. 5,75,000.

(ii) The motor car sold during the year for Rs. 3,230 was purchased in the past for Rs. 17,000. Depreciation claimed in respect thereof in past assessment was Rs. 15,000.

(iii) General charges include (a) Rs. 1,000 being the legal expenses incurred in defending a suit regarding the company's title to certain agricultural lands and (b) Rs. 9,000 paid to Shri A's son who is an employee in the Sugar Mill for a trip to Hawaii to study modern methods of manufacture.

(iv) Depreciation in respect of all assets has been ascertained as per Income-tax Rules at Rs. 75,000.

Group – B

Answer any two questions

(2x5=10)

4. X, a private sector employee covered by the Payment of Gratuity Act, 1972, retired on November 30, 2019 after a continuous service of 22 years and 10 months in the concern and received gratuity of

Rs. 35,000 on December 15 2019. His basic pay and dearness allowance for the last month was Rs. 2,800. Compute the amount of gratuity taxable in his hands.

5. State what will be the residential status under the Income-tax Act, 1961 of the following person for the assessment year 2020-21, giving reasons for your answer:

Mr. H came to India from England on June 30, 2013. He stayed in India without break for 3 years and left for Germany on July 1, 2016. He returned to India on April 1, 2017 and remained in India till July 31, 2018. On August 1, 2018, he went to U.S.A. where he was employed in a mercantile firm at a salary of Rs. 40,000 per month. He was transferred to and joined the Indian branch of the same firm on January 1, 2019 on the same salary and remained in India till March 31, 2020.

6. From the following information, compute gross annual value of the properties mentioned below for the assessment year 2020-21:

Municipal value (Rs.) 96,000

Annual rent (Rs.) 1,26,000

Fair rent (Rs.) 99,600

Standard rent (Rs.) 98,000

Unrealised rent of the previous year (Rs.) 15,000

Vacancy period (in month) 1

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