

Reg. No.

--	--	--	--	--	--	--	--	--	--



**BCMTPVN 201**

**II Semester B.Com. Examination, September 2022  
(NEP 2020) (2021-22 Batch Onwards)  
INCOME TAX LAW AND PRACTICE – II  
Tax Procedure and Practice (DSCC)**

Time : 2 Hours

Max. Marks : 60

**SECTION – A**

Answer **any five** from this Section :

**(5×2=10)**

1. Give any 2 instances where a capital asset held for more than 12 months becomes a long term capital asset in Income tax.
2. If fair market value of a house is Rs. 2,25,000 and Standard Rent at Rs. 18,000 per month, compute the Gross Annual Value.
3. Give reasons as to whether presumptive income under Section 44ADA is applicable in the following cases :
  - i) A Chartered Accountant whose annual gross receipts are Rs. 75,00,000
  - ii) An architect whose annual gross receipts are Rs. 22,50,000.
4. What is 'unabsorbed depreciation' ? Explain with the help of an example.
5. What is the meaning of Slump Sale in Capital Gains ?
6. Identify whether the following statements are correct or incorrect :
  - i) Chapter VI-A deductions are not available against Long-term Capital Gains
  - ii) Municipal taxes are deductible in computing Income from House property even if they are not paid.
7. Loan is taken for construction of the house at Rs. 60,00,000 on 1<sup>st</sup> Jan. 2018 at 7% per annum. Construction of the house is completed on 1<sup>st</sup> June 2021. Compute pre-construction period interest if no part of the housing loan is repaid.
8. During AY 2020-21, an assessee has unabsorbed depreciation of Rs. 1,11,000 and a normal business loss of Rs. 1,55,000. In AY 2021-22, he has a business income of Rs. 1,60,000. Which losses would you set off first and why ?

**P.T.O.**



## SECTION – B

Answer **any four** from this Section.

(4×5=20)

9. Compute admissible depreciation from the following information :

3 laptops purchased on 2<sup>nd</sup> Oct. 2020 – Rs. 1,25,000

Opening WDV of computers as on 1<sup>st</sup> Apr. 2020 – Rs. 1,75,330

2 PCs sold on 13<sup>th</sup> Dec. 2020 – Rs. 8,000.

10. A house is let out for a monthly rent of Rs. 12,500 on 1<sup>st</sup> Apr. 2020. The tenant vacated the house on 28<sup>th</sup> Feb. 2021. Afterwards, the house was vacant till 31<sup>st</sup> Mar. 2021.

Interest on housing loan on the said property was Rs. 1,64,500 whereas the amortized pre-construction period interest was Rs. 35,000.

Compute Income from House Property for AY 2021-22.

11. Net Profit as per the Profit and Loss Account was Rs. 20,100. Compute Income from Business or profession from the following additional information :

i) Provision for income tax debited to the P/L is Rs. 24,000

ii) Profit on sale of mutual fund units credited to the P/L was Rs. 10,000

iii) Depreciation as per IT Act was Rs. 1,01,100 whereas depreciation as per books was Rs. 39,600.

12. Compute taxable income in the hands of Mr. A from the following information :

i) Salary – Rs. 52,000 per month

ii) Dividends from Indian companies – Rs. 7,430

iii) Investment in PPF – Rs. 1,00,000

iv) Contribution to NPS – Rs. 50,000

v) Interest on NSC – Rs. 17,400

vi) Interest on SB in Post Office – Rs. 6,500.

13. Write a short note on Slump Sale in Capital Gains.

14. Explain in detail the principles enshrined in Section 37 of the Income Tax Act on deductibility of expenses in computing Profits and Gains from Business or Profession in income tax.



SECTION – C

Answer **any two** from this Section.

(15×2=30)

15. Compute Long-term capital gains from the information given below :

Purchase of Equity shares :

Tata Steel on 1<sup>st</sup> Apr. 2015 – 100 shares @ Rs. 56 per share

Bajaj Electric on 11<sup>th</sup> Aug. 2017 – 50 shares @ Rs. 810 per share

Asian Paints on 21<sup>st</sup> Feb. 2018 – 200 shares @ Rs. 625 per share

Sale of equity shares :

Tata Steel on 2<sup>nd</sup> Apr. 2020 – 100 shares @ Rs. 80 per share

Bajaj Electric on 11<sup>th</sup> Aug. 2020 – 50 shares @ Rs. 645 per share

Asian paints on 1<sup>st</sup> Jan. 2021 – 200 shares @ Rs. 1,100 per share

You are also given to understand that the fair market value of the shares were as follows as on 31<sup>st</sup> Jan. 2018 (per share price) :

Tata Steel – Rs. 72

Bajaj Electric – Rs. 520

Asian Paints – Rs. 1,220.

16. Compute Income from Business or Profession of an assessee from the Profit and Loss Account given below :

<b>Particulars</b>	<b>Amount (₹)</b>	<b>Particulars</b>	<b>Amount (₹)</b>
To Opening Stock	19,25,000	By Sales	2,45,40,400
To Purchases	2,22,40,000	By Closing stock	28,56,000
To Wages	22,43,400	By Net Loss for the year	5,10,440
To Freight and Carriage	4,23,350		
To Manufacturing overheads	3,50,300		
To Legal and Professional charges	2,00,000		
To Depreciation	1,56,890		
To Other Expenses	3,67,900		
	<b>2,79,06,840</b>		<b>2,79,06,840</b>



The following additional information is given :

- A) Purchases include Rs. 1,22,000 from a party where the entire bill was paid in cash on a single day.
- B) Depreciation as per IT Act is Rs. 2,56,700.
- C) Legal and professional charges include Rs. 50,000 paid to a lawyer (resident) without TDS.

17. Compute Total Income from the following information for an assessee who is 72 years old :

- A) Salary – Rs. 4,56,000 (computed)
- B) Loss from let-out property – Rs. 1,86,400
- C) Income from speculation business – Rs. 4,300
- D) Loss from other businesses – Rs. 1,78,900
- E) Long-term capital gains (residential house) – Rs. 5,02,000
- F) Short-term capital loss (equity shares) – Rs. 8,200
- G) Winnings from lotteries – Rs. 1,40,000 (net of taxes)
- H) Loss from owning and maintenance of race horses – Rs. 5,000
  - I) Interest from bank deposits – Rs. 78,300
  - J) Life Insurance Premium paid – Rs. 25,000.

18. Explain the concept of Deemed Owner of a House Property under Section 27 of the Income Tax Act.

---