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HA—115—2023

FACULTY OF COMMERCE

B.Com. (Third Year) (Fifth Semester) EXAMINATION

APRIL/MAY 2023

(NEW Pattern)

INCOME TAX LAW AND PRACTICE

Paper-BC-5.4A

(Taxation)

(Wednesday, 3-5-2023)

Time : 10.00 a.m. to 1.00 p.m.

Time— Three Hours

Maximum Marks—75

N.B. :— (i) Q. No. 1 is compulsory.

(ii) Figures to the right indicate full marks.

(iii) Use of simple non-programmable calculator is allowed.

1. The following are the incomes of Pragati Co-operative Society for the year ended on March 31, 2022. Compute its taxable total income for the assessment year 2022-23. 20

	Rs.
(i) Divident received from other Co-operative Society.	1,100
(ii) Income from credit facilities to members	1,200
(iii) Income from a cottage industry	2,100
(iv) Income from cycle business	1,400
(v) Interest from another Co-operative Society (Gross)	1,800
(vi) Income from collective disposal of labour of members	2,500

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(vii) Income from fishing and allied activities	2,600
(viii) Interest on securities	1,900
(ix) Income from house property	2,500
(x) Income from the processing, without the aid of power	2,700

2. Mr. Sitaram who is a disabled person of 62 years has furnished the following details regarding deductions u/s 80 for the assessment year 2022-23. Compute the qualifying amount u/s 80 : 15

- (a) LIC premium paid on wife's life (Policy was taken on 01-04-2012, sum assured Rs. 2,00,000) Rs. 25,000.
- (b) LIC premium paid on own life (Policy was taken on 04-07-2014, sum assured Rs. 1,50,000) Rs. 27,000.
- (c) Repayment of home loan taken from SBI Rs. 70,000 (including interest of Rs. 50,000).
- (d) Tuition fee paid for four children Rs. 72,000.
- (e) LIC premium paid on the life of married daughter Rs. 19,000.
- (f) Contribution to PPF Rs. 30,000.
- (g) Purchase of NSC IX issue Rs. 23,000.
- (h) Health insurance premium paid on mother's life by cheque Rs. 44,000.
- (i) Mr. Sitaram's brother is a severely disabled person and he is dependent on Mr. Sitaram for his livelihood.
- (j) Interest paid on loan taken for higher education of his daughter Rs. 30,000.

Or

Write in detail about the deductions allowable u/s 80D, 80DD 80E and 80U.

3. X, Y and Z are equal partners in a firm with X being a non-working partner. The profit and loss account for the year ended 31st March, 2022 is as under : 15

Particulars	Amount	Particulars	Amount
To Rent	20,000	By Gross Profit b/d	4,05,000
To Office Expenses	25,000	By Discount	10,000
To Salaries	1,00,000	By Bad Debts Recovered	2,000
To Advertisement	15,000	By Bank Interest	3,000
To Value Added Tax	30,000		
To Charity and Donations	5,000		
To Bad Debts Reserve	10,000		
To Sundry Expenses	20,000		
To Bad Debts	15,000		
To Depreciation	25,000		
To Interest on Capital :			
X	50,000		
Y	25,000		
Z	25,000		
To Commission :			
X	15,000		
Y	10,000		
Z	5,000		
To Net Profit	25,000		
	4,20,000		4,20,000

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Adjustments :

- (i) Salaries include partner's salaries-Y Rs. 15,000, Z Rs. 10,000.
- (ii) Bad debts admissible by the Department Rs. 12,500.
- (iii) Furniture purchased by X for personal use of Rs. 10,000 has been debited to sundry expenses.
- (iv) Donation includes donation to a local school Rs. 3,500 to a club Rs. 1,000 and to trade association Rs. 500 in cash.
- (v) Capital Account of the partners at the beginning of the previous year as on 1-4-2021 were as follows :

X 2,00,000

Y 1,00,000

Z 1,00,000

- (vi) Office expenses include bonus to partners :

X 1,000

Y 2,500

Z 1,500

Compute the profit from the business and total income of the firm for the relevant assessment year. The firm does not fulfil the conditions of section 184.

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Or

Write a detailed note on the computation of Book Profit.

4. A, B and C are members of AOP sharing profits equally. The following is the Profit and Loss account. 15

Particulars	Amount	Particulars	Amount
To Sundry Expenses	22,000	By Gross Profit	28,000
To Office Expenses	3,000	By Interest on securities	3,000
To Rent	1,000	By Net Loss :	15,000
To Commission to B	2,000	A 5,000	
To Salary to A	6,000	B 5,000	
To Charity	1,000	C 5,000	
To Advt. expenses	2,000		
To Interest on Capital :			
A	3,000		
B	3,000		
C	3,000		
	46,000		46,000

Compute the total income of the AOP.

Or

Write in detail how the taxable income of AOP and BOI is computed.

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5. Write short notes on any *two* of the following : 10

- (i) TDS on Rent.
- (ii) TDS on Commission.
- (iii) Sec. 192.
- (iv) Sec. 194C.