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BCMCMC 331

**Choice Based Credit System V Semester B.Com. Examination,
April/May 2022
(2021 – 22 Batch Onwards)
DIRECT TAX – III (Group – I)**

Time : 3 Hours

Max. Marks : 120

SECTION – A

Answer **any four** of the following.

(6×4=24)

1. State the provisions of Section 80 DDB.
2. From the following particulars furnished by Ramesh, compute deduction under Section 80C.

	₹
i) Life insurance premium on own life	25,000
ii) Life insurance premium on the life of his son	15,000
iii) Life insurance premium on the life of married daughter	20,000
iv) Contribution to public provident fund	65,000
v) Contribution to unrecognized provident fund	22,000
vi) Interest accrued on NSC	7,480
vii) Principal amount of housing loan installment	50,000
viii) Contribution to Unit linked insurance plan	20,000

3. Total income of Ms. Kamaladas (age 57 years) is ₹ 25,60,400. It includes agricultural income ₹ 80,000, Short Term Capital Gains amounting to ₹ 60,000: Long Term Capital gains ₹ 1,00,000 and winning from Maharashtra State Lottery ₹ 2,00,000 (Gross). Find out tax liability (ignore Alternative Tax Regime).

P.T.O.



4. Rama and Laxman are equal working partners in a firm which showed a net loss of ₹ 60,000 for the year after providing for the following.

	₹
Interest on capital :	
Rama at the rate of 20%	12,000
Laxman at the rate of 20%	8,000
Commission to Laxman	6,000
Salary to Rama	12,000
Rent paid to Laxman	20,000

The net loss was arrived at after considering ₹ 5,000 being dividend received and ₹ 2,000 as interest on drawings by Laxman. Compute the Total income of the firm.

5. Mr. Murali a resident assessee furnishes the following income and expenditure relevant for the previous year ending March 31st 2021.

	₹
Business income	5,00,000
Winning from lottery	1,00,000
Donation to PMNRF	15,000
Donation to Government of India for family planning	10,000
Donations to recognized the public Charitable institute	24,000

Compute his total income for the Assessment Year 2021-22.

6. What do you mean by Double Taxation Avoidance Agreement ? State its objectives.

SECTION – B

Answer **any four** of the following :

(4×12=48)

7. Explain the provisions of Section 80 P.
8. Mr. Vasanth Rao submits the following information of the net incomes and losses :

	₹
a) Gross Salary Income	6,50,000
b) Income from house property :	
First house	30,000
Second House (loss)	80,000



c) Income from business	35,000
Business A (Loss)	5,000
Unabsorbed depreciation brought forward	3,00,000
Speculation profit	
d) Income from capital gains	1,70,000
Long term capital gain	50,000
Short term capital gains	90,000
Short term capital loss	
e) Other sources	40,000
Income from betting	18,000
Interest on security (gross)	40,000
Loss on card games	

Compute Gross Total Income. (Ignore Alternative Tax Regime U/S 115 BAC)

9. Sri Laxmi Co-operative Society furnishes the following details of income, compute taxable income and tax liability for the purpose of Assessment Year 2021 - 22.

	₹
a) Income from collective disposal of labour	50,000
b) Income from marketing of the agricultural produce grown by its members	60,000
c) Income from marketing of the agricultural produce grown by outsiders	1,06,000
d) Dividend from another co-operative society	30,000
e) Dividend from X Company Ltd.	6,000
f) Income from processing of agricultural produce by its members with aid of power	1,00,000

10. The Gross Total Income of Adwithi Ltd. was computed as under for the previous year 2020-21.

	₹
Paper Mills income	2,00,000
Mini cement plant	1,00,000
Export business profit	2,00,000



Profit from poultry farming	1,75,000
Long Term capital gain	50,000
Income from Royalty	
Royalty from HPH Pvt. Ltd. (Indian company)	80,000
Royalty from Oxford Ltd. (Foreign company)	85,000
Profit from hotel established	80,000
Profit from Small Scale Industry	50,000
Loss on steel plant	2,00,000
Dividend from foreign company	45,000
Company donated ₹ 1,00,000 to Prime Minister National Relief Fund. Compute company's Total income and tax liability (ignore Alternative Tax regime).	

11. Ms. Suma a resident assessee furnishes the following income/expenditure relevant for the Previous Year ending March 31st 2021.

	₹
Business income	83,000
Long Term Capital Gain	4,10,000
Short Term Capital Gain (15%)	20,000
Other Short Term capital gain	10,000
Interest on debentures	9,000
Payment of medical insurance premium on own life	3,000
Donation to National Trust for Welfare of persons with autism	4,000
Donation to fund setup by Gujarat government	3,000
Donation to Rajiv Gandhi Foundation	1,000
Donation to PM drought Relief Fund	5,000
Donation to approved public charitable institution	11,000
Determine his net income for the Assessment Year 2021-22.	

12. Explain the provisions of 115 JB relating to Minimum Alternative Tax.



SECTION – C

Answer **any two** of the following.

(2×24=48)

13. From the following particulars of Mr. Shankar, calculate Total Income and tax liability for the Assessment Year 2021-22 under Existing Tax Regime and Alternative Tax regimes.

	₹
Gross salary	28,00,000
Business income	1,70,000
Royalty on Books	1,50,000
Rent from house property	1,50,000
Dividend income	35,000
Bank interest	8,800
Interest on fixed deposit	15,000
Long term capital gains	60,000
Contribution to PPF	30,000
Life insurance premium paid	55,000
Health insurance premium paid	35,000
Donation to National Defense Fund	20,000

14. From the following particulars of Sushma Ltd. (Turnover 365 crores) in previous year.

Compute :

- 1) Total Income
- 2) Book Profit for MAT
- 3) Tax Liability.

Trading and Profit and Loss Account

Particulars	₹	Particulars	₹
Purchases	4,95,000	Sales	39,00,000
Entertainment Expenses	30,000	Amount withdrawn	
Travelling Expenses	50,000	from General Reserve	2,00,000
Depreciation	6,50,000	Rent from let out	
Income Tax	4,10,000	property	1,00,000



Customs Duty due	23,000	Commission	1,500
Provision for unascertained liability	80,000		
Tax Consultation Fees	25,000		
Contribution to Staff Welfare Fund	15,000		
Loss from subsidiary company	42,000		
Salary to Managing Director	1,80,000		
Municipal Tax on let out property	15,000		
Net Profit	21,86,500		
	42,01,500		42,01,500

Additional Information :

- 1) The company gets a Long Term Capital Gain ₹ 1,00,000
 - 2) GST of last year paid during the year ₹ 50,000 not debited to the above Profit and Loss Account.
 - 3) Depreciation allowable U/S 32 ₹ 6,20,000
 - 4) Unabsorbed business loss is ₹ 9,50,000 for income tax purpose and ₹ 11,50,000 for accounting Purpose
 - 5) Unabsorbed depreciation for accounting purpose is ₹ 3,40,000 and for income tax purpose ₹ 11,00,000
 - 6) Out of customs duty due ₹ 10,000 remained unpaid till the last date of filling the returns
 - 7) The Purchase include one bill ₹ 30,000 was paid in Cash under one payment.
15. A, B and C are three equal partners in a firm of which A and B are working partners. The firm's Profit and Loss Account for the year ended 31st March is given below.

Particulars	₹	Particulars	₹
Office Rent	24,000	Gross Profit	4,00,000
Office Expenses	30,000	Discount	12,000
Salaries	1,00,000	Bad debts recovered	18,000
Advertisement	15,000	Commission	6,000
GST	20,000	Long term capital gain	4,000
Reserve for GST	6,000	Interest on drawings by Z	10,000



Donations to Rajiv Gandhi Foundation	12,000	
Bad debts Reserve	11,000	
Sundry expenses	25,000	
Depreciation	22,000	
Interest on Capital @ 25%		
A 50,000		
B 30,000		
C <u>20,000</u>	1,00,000	
Commission		
A 18,000		
B 12,000		
C <u>10,000</u>	40,000	
Net Profit	45,000	
	4,50,000	4,50,000

Additional Information :

- 1) Salaries include salaries of A ₹ 25,000 and B ₹ 20,000
- 2) Actual depreciation amounted to ₹ 20,000
- 3) Bad Debts recovered include ₹ 8,000 being disallowed earlier
- 4) Furniture purchased for personal use included sundry expenses ₹ 2,500
- 5) Office expenses include bonus to partners A ₹ 5,000, B ₹ 3,000 and C ₹ 2,000.

Compute book profit and firm's total income and share of income of the partner from the firm taxable under Section 28 for the relevant assessment year. The firm fulfills conditions of Section 184.

16. Mr. Sharan submits the following information relevant for the Assessment year.

	₹
a) Gross salary	1,20,000
b) Income from business	6,00,000
c) Rent from house property ₹ 1,20,000. Interest on housing loan	35,000
d) Long Term Capital Gain	80,000



e) Short term capital gain U/S 111 A	30,000
f) Interest on savings Bank deposit	7,000
g) Interest on POSB	4,000
h) Interest on Fixed Deposit	20,000 (Gross)
i) Dividend from units of Mutual Fund	35,000
j) Share of profit from partnership firm	30,000
k) Remuneration from partnership firm ₹ 40,000 (working partner)	
l) Income from lottery (Net)	42,000

During the year she made following payments :

- Medical insurance for self ₹ 35,000. It includes preventive health checkup ₹ 7,000
- Interest on education loan ₹ 10,000
- Life Insurance premium ₹ 30,000
- ₹ 38,000 for the treatment of her mother 75 years old suffering from specified diseases. ₹ 35,000 received from insurance company.

During the year she made following donations :

- PMNRF ₹ 5,000
- PMDRF ₹ 11,000
- Promotion of family Planning ₹ 10,000
- BJP party ₹ 30,000
- To school (in cash) ₹ 14,000
- State government Fund for Medical Relief to poor ₹ 10,000
- National Fund for control of drug abuse ₹ 12,000.

Compute his total income and tax liability (Ignore Alternative Tax Regime).