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Income from services rendered in England, received in India ₹ 40,000.

Profit on sale of machinery in India, received in UK ₹ 15,000.

Untaxed income from previous years, brought to India ₹ 2,30,000.

Profit from business in Sri Lanka, deposited in a bank there ₹ 90,000.

(CO5/CO3)

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380

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Roll No.

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**B. COM. (HONS.) (FIFTH SEMESTER)
END SEMESTER**

EXAMINATION, Jan., 2023

INCOME TAX LAW AND PRACTICE

Time : Three Hours

Maximum Marks : 100

Note : (i) All questions are compulsory.

(ii) Answer any *two* sub-questions among (a), (b) and (c) in each main question.

(iii) Total marks in each main question are **twenty**.

(iv) Each sub-question carries 10 marks.

1. (a) Differentiate between Tax Evasion and Tax Avoidance. (CO1)

(b) Mrs. Sonam has earned ₹ 22,00,000 during the previous year. Calculate his tax liability if he is a senior resident and normal resident. (CO1)

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(c) Explain various conditions to be the 'Ordinarily Resident' in detail. (CO1)

2. (a) Mr. Rahul works in a company. During the previous year he got a salary of ₹ 1,65,000 per month. He also gets a bonus equal to two months' salary, Entertainment allowance of ₹ 500 per month. He contributes 15% of his salary to provident fund amounting to ₹ 60,000. He was provided with a large car, which he used for mixed purpose. He meets the personal expenses from his pocket. He is also provided with a residential accommodation (unfurnished) in a town having population of 30 lakhs. Calculate "Income from Salaries". (CO2)

(b) Explain 'Income from Salaries'. Also summarize the main points related to salary. (CO2)

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(c) Mr. X owns four houses. He gave the following information for previous year :

He lives in the first house.

Second house is used as a clinic by his wife. She earned ₹ 44,00,000 during previous year from the second house.

Third House :

Municipal value ₹ 2,40,000 per month

Fair value ₹ 2,50,000 for the year

He let out the third house for ₹ 25,000 per month.

He purchased a loan amounting ₹ 20,00,000 on 1st August, 2017 for construction of third house. The construction of the house was completed on 2nd Dec., 2020. For the same period he paid an interest of ₹ 2,00,000. He also paid interest on the same loan amounting ₹ 40,000 during previous year.

Fourth House : Municipal value ₹ 5,00,000

The fourth house was rented at ₹ 40,000 per month.

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He purchased a loan for purchase of fourth house on which he paid ₹ 1,00,000 as interest during previous year. Compute his 'Income from House Property'. (CO2)

3. (a)

	Jewellery (₹)	Silver (₹)	Land (₹)
Selling Price	3,80,00,000	20,00,000	34,00,000
Selling expense	48,000	nill	60,000
Cost of purchase	16,50,000	4,50,000	9,00,000
Year of purchase	2007-08	2004-05	2001-02

He also purchased a house costing ₹ 40,00,000 on 01-01-2022. Calculate the amount of taxable gain. (CO3)

CCI : 2001-02 is 100, 2004-05 is 113, 2019-20 is 317 and 2007-08 is 129.

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(b) Mr. A has the following information related to previous year :

- (i) Received dividend from cooperative society ₹ 25,000
- (ii) Received dividend from Indian company ₹ 40,000
- (iii) Interest on securities ₹ 15,000
- (iv) Interest on Bank deposits ₹ 16,000
- (v) Winnings from KBC ₹ 6,40,000
- (vi) Winnings from lotteries ₹ 58,000
- (vii) Commission received as agent ₹ 18,000

(viii) Underwriting Commission ₹ 40,000.

Calculate Taxable Income from Other Sources. (CO3)

(c) Explain 'Income from Business' along with its important points. (CO3)

4. (a) Explain Section 80 in detail. (CO4)

(b) Discuss the provisions of "Set off and Carry Forward of Losses". (CO4)

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(c) Mr. Ankit has the following incomes during PY :

Basic salary ₹ 40,000 p.m.

Bonus equal to 1 month's salary

Commission equal to 2 months' salary

Dearness allowance ₹ 1,50,000

Income from Business ₹ 1,50,000

Dividend from Indian Company
₹ 2,00,000

Interest on securities ₹ 50,000

Winnings from horse race ₹ 3,20,000

Capital gains ₹ 20,00,000

Capital Losses ₹ 10,00,000

During the PY he also paid :

(i) Life insurance premium of self
₹ 70,000

(ii) Life insurance premium of wife
₹ 40,000

(iii) Medical premium of dependent father
₹ 24,000

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(iv). Interest on education loan bought for higher education of son ₹ 1,05,000.

Calculate taxable income of Mr. Alok.

(CO4)

5. (a) Explain the process of 'Filing of Income Tax Return' in detail. (CO5/CO3)
- (b) Explain in detail provisions for filing of online returns. (CO5/CO3)
- (c) "The tax liability of different individuals, for same income, having different residential status is different." Justify this statement.

Also calculate taxable income of Mr. X as an ordinary resident and non-resident from the following information :

Income earned in India received in Bhutan
₹ 50,000.

Income earned from a business outside India, business controlled and set up in Malaysia ₹ 12,000.

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