

Register Number:

Date:

**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27**

**B.COM IFA – II SEMESTER**

**SEMESTER EXAMINATION: APRIL 2022**

**(Examination conducted in July-August 2022)**

**BC IFA 2121: Taxation**

**Time: 2 Hours Max Marks: 60**

**This paper contains three printed pages and four parts**

**Section A**

**I Answer any five of the following (5 X 3M = 15 marks)**

1. From the view point of section 2(1A), state whether the following transactions results in agriculture income or not.
   1. Income received as interest on arrears of rent payable in respect of agricultural land.
   2. Income from sale of trees, which come from forests where these were replanted and subsequent operations carried out.
   3. Income from conversion of sugarcane into jaggery by the farmer himself.
2. State the cannons of taxation as propounded by Adam Smith.
3. According to section 56, what are the conditions for classifying an income under the head ‘Other Sources’
4. Mention different types of provident fund offered by employers to employees.
5. Enlist three expenses allowed as deductions u/s 80C
6. What is the difference between GTI and TI?

**Section B**

**I Answer any two of the following (2 X 5M = 10 marks)**

1. Mr. Farhan (Ordinary Resident, aged 36 years) is an aeronautical engineer in Hindustan Aeronautics Limited (Government of India). His taxable income from salary during the previous year 2021-22 amounted to Rs. 8,55,000. He claims following deductions made out of his salary income in PY:
   1. Investment in fixed deposit [6 years term] Rs. 1,60,000
   2. Contribution to Atal Pension Scheme Rs. 60,000
   3. Health insurance premium
      1. Self – Rs. 15,000
      2. For wife – Rs. 8,000
      3. His father (Age 71) – Rs. 32,000
      4. Preventive health check-up for himself – Rs. 7,000

Compute his taxable income and tax liability for AY 2022-23.

1. Mr. Chatur, a German national, is appointed in India as a senior scientific officer on 01-04-2018. On 31st January, 2019 he goes to Iran on deputation for a period of three years but leaves his wife and children in India. On May 1, 2020 he comes to India and takes with him his family on 30th June, 2020. He returns to India and joins his original job on 2nd February, 2022. Determine his residential status for the assessment year 2022-23.
2. Mr. Ranchhod Das has been provided with a furnished house in a city having population of 14,00,000 as per the latest census. The municipal value of the house owned by the employer is Rs. 80,000 whereas, the fair rental value of the house is Rs. 1,00,000. His salary details are as under:

Basic salary Rs. 25,000pm

Allowances for increased cost of living (100% enters) Rs. 5,000pm

Children education allowance Rs. 3,000pm (He has one son and two married daughters)

Furniture details are as under:

|  |  |  |
| --- | --- | --- |
| Furniture | Hired by employer | Owned by employer |
| TV | Rs. 2,000pa | - |
| Refrigerator | - | Rs. 10,000 |
| Washing Machine |  | Rs. 5,000 |
| Other Furniture | Rs. 1,000pm | 20,000 |

Compute Taxable Value of RFA.

**Section C**

**III Answer any two of the following** (**2 x 10 = 20 marks)**

1. Enlist any 10 incomes taxable under the head income from “Other Sources”
2. Explain the following terms:
   1. Capital Gain
   2. Transfer
   3. Capital asset
   4. Indexation
3. Mr. Phunsukh provides following details of income, calculate the income which is liable to be taxed in India for the A.Y.2022-23 assuming that:
   1. He is an ordinarily resident
   2. He is not an ordinarily resident
   3. He is a non-resident.
4. Income from salary in India received in Dubai Rs. 5,59,000.
5. Dividend received in Singapore from an American company Rs. 56,000.
6. Profit received in London from a business situated in Sri Lanka but controlled from India Rs. 7,50,000.
7. Remittance received in India from Singapore out of past untaxed profit of 2014-15 Rs. 1,00,000.
8. Gift from a non-relative in India received in Dubai Rs. 55,000.
9. Share of Profit received in Dubai from a business situated in Delhi but controlled from partially from Pakistan and partially from Delhi Rs. 2,50,000.
10. Dividend on shares of an Indian company but received in Canada Rs. 1,00,000.
11. Income from property in Australia and received in U.S.A. Rs. 15,000.
12. Interest on U.K. Development Bonds Rs. 20,000. 1/4th being received in India.
13. Capital gain on sale of house in Noida, consideration received in New York Rs.5,00,000.

**Section D**

**IV** **Compulsory Question (1 X 15 = 15 marks)**

1. Mr. Sahastre is an employee in a private bank at Bangalore. He gives the following information for the previous year 2021-2022.
2. Basic Salary Rs. 50,000 per month
3. Dearness Allowance Rs. 8,000 per month (100% enters the retirement benefits)
4. Annual Bonus = 25% of Basic pay
5. City compensatory allowance Rs. 800 per month
6. Education Allowance for two children at Rs. 350 per month per child
7. Entertainment Allowance Rs. 750 per month.
8. House rent allowance Rs. 1,600 per month. But he pays Rs. 3,000 per month as actual rent
9. Daily allowance of Rs. 8,000 for visiting the branches (50% spent).
10. Services of sweeper, watchman and cook were provided by the employer on a monthly salary of Rs. 750, Rs. 950, Rs. 1050 per month respectively.
11. The company provides her a car (1800CC) with a driver and all the expenses are met by the employer.
12. The company requisitioned her for a refresher course in London and the cost of travel, stay expenses amounting to Rs. 56,500 were met by the company.
13. He and his company contribute 14% of salary towards Recognized Provident Fund
14. Interest on Recognized Provident Fund was Rs. 15,000 at 15% per annum
15. Professional tax paid by the company Rs. 200 pm.

Compute income from Salary for Assessment year 2022-2023.