

2023

TAXATION-I — HONOURS

Paper : CC-4.1 Ch

Full Marks : 80

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Group - A

1. Ankush, a citizen of India, has been carrying on a profession in Singapore, where he is not liable to pay any tax. He left India for the first time on 01.10.2018. His taxable Indian income for the previous year 2022-23 is ₹ 10,00,000 and he has also earned ₹ 8,00,000 from exercising the profession in Singapore. The profession is set up in India. Other than professional income, he has earned ₹ 12,00,000 in Singapore.

Determine his residential status, if during the previous year 2022-23 :

(a) he has not visited India.

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(b) he has visited India for 200 days.

Or,

Mr. Pal is an Indian citizen. He went to Japan for the purpose of employment on September 3, 2022 and came back to India on December 12, 2023. He has never been out of India in the past. During the previous year 2022-2023, he earned a profit of ₹ 5,00,000 from a business in Canada controlled from India. Half of the profits were received in India.

Determine the residential status of Mr. Pal and taxability of his income for the assessment year 2023-24.

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2. (a) Mention any two fully exempted income.

(b) State under which head the following incomes will be taxable :

(i) Amount received from sale of house property.

(ii) Remuneration received by a teacher for acting as a paper-setter.

(iii) Pension received by a retired person.

2+3

3. From the following information, compute income from other sources of Mr. Das for the assessment year 2023-2024.

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(a) Family pension received @ ₹ 5,300 p.m.

(b) Income from sub-letting of house @ ₹ 5,500 p.m., rent paid to landlord @ ₹ 4,000 p.m., municipal tax paid ₹ 1,500.

(c) Winning from lottery after deduction of tax @ 30% ₹ 2,10,000 (Expenses incurred ₹ 5,000)

(d) Income from agricultural land in Bangladesh ₹ 50,000.

4/ From the following information, compute total income of Mr. Ghosh and losses to be carried forward for the assessment year 2023-2024.

	₹
(a) Income from let out house property	15,000
(b) Income from self-occupied house property	(2,25,000)-
(c) Income from salary	6,00,000
(d) Loss from non-speculative business	1,65,000
(e) Income from speculative business	1,45,000

Or,

Mr. X holds 25% shares of XYZ Co. Ltd., where Mrs. Y (wife of Mr. X) is employed as general manager without possessing any technical or professional qualification. They have furnished the following information for the financial year 2022-23 :

	₹
(a) Salary income of Mrs. Y (computed)	10,00,000
(b) Income of their minor son A from acting in a TV serial	1,00,000
(c) Income of minor son A from interest on fixed deposit with SBI, made by Mr. X	8,000
(d) Profit from business of Mr. X	15,00,000
(e) Income of their another minor son B who suffers from disability specified in section 80U	5,00,000

Compute the total income of Mr. X for the assessment year 2023-24.

Group - B

5. The Profit and Loss Account of Aditya showed a net loss of ₹ 50,000 for the year ended 31st March, 2023. The scrutiny of the accounts revealed the following :
- Salaries paid include ₹ 25,000 representing employer's contribution to Recognised Provident Fund.
 - Rent paid ₹ 30,000 represents rent of godown owned by the proprietor Aditya.
 - Audit fees include ₹ 10,000 paid to the Chartered Accountant for conducting income tax appeal.
 - Income tax paid ₹ 45,000.
 - The opening stock and closing stock of ₹ 1,56,200 and ₹ 1,43,000 respectively had both valued at 10% above cost.
 - Sales include ₹ 60,000 being amount charged for the goods withdrawn by Aditya for personal use. The cost and market price of such goods on the date of withdrawal were ₹ 50,000 and ₹ 70,000 respectively.

(g) The Profit and Loss Account was credited by :

- (i) Income-tax refund ₹ 25,000
- (ii) Bank interest received ₹ 15,000 and
- (iii) Dividend received from Indian company ₹ 10,000.

Considering the above, compute income from Profits and Gains of Business of Aditya for the relevant assessment year.

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Or,

5. (a) Ms. Goswami engaged in the business of manufacture of jute bags furnishes the following particulars for the previous year 2022-2023. Compute deduction available U/S 35.

- (i) Amount paid to IIT, Madras for an approved scientific research programme ₹ 2,50,000 related to business.
- (ii) Amount paid to ISI for statistical research not related to business ₹ 1,20,000.
- (iii) Purchased machinery costing ₹ 5,00,000 for in-house research.
- (iv) Purchased a piece of land in Dankuni for in-house research ₹ 10,80,000.
- (v) Revenue expenditure incurred for in-house research ₹ 70,000.

6. (b) From the following details for the P.Y. 2022-23, compute allowable depreciation u/s 32 and Capital gain/loss (if any) for the relevant A.Y. :

- (i) WDV of the block of plant and machineries (consisting machine X and Y) as on 01.04.2022 ₹ 2,00,000.
- (ii) Machine Z purchased on 10.01.2023 for ₹ 80,000.
- (iii) Sale proceeds of machine Y on 25.03.2023 for (A) ₹ 1,80,000 or (B) ₹ 3,00,000.

Rate of depreciation is 15%. Ignore additional depreciation.

5+5

6. Shreya (Age 38 years) submits the following information for the previous year 2022-2023 :

	₹
(a) Gross Total Income	10,00,000
(b) Life insurance premium paid (Policy taken on 01.01.2010 and sum assured ₹ 1,00,000)	25,000
(c) Payment to LIC Pension Fund	10,000
(d) Contribution to Public Provident Fund	1,00,000
(e) Repayment of housing loan (including interest ₹ 40,000)	50,000
(f) Medical insurance premium paid for self, husband and children	35,000
(g) Medical insurance premium paid for parents (senior citizens)	60,000
(h) Donation to Puri temple (notified)	80,000
(i) Donation to National Defence Fund	20,000

Compute the eligible amount of deduction available to Shreya under Chapter VI-A of the IT Act, 1961 for the assessment year 2023-2024.

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7. Mr. Sarkar furnishes the following information for the previous year 2022-2023 :

	Land	Residential House
Date of Acquisition	01.07.1995	10.12.2006
Cost of Acquisition	₹ 60,000	₹ 6,50,000
Date of Improvement	-	01.07.2012
Cost of Improvement	-	₹ 1,00,000
Date of Sale	01.06.2022	15.03.2023
Sale proceeds	₹ 8,00,000	₹ 35,00,000
Brokerage	1% on sale value	2% on sale value
Fair Market value on 01.04.2001	₹ 2,00,000	-

During the previous year Mr. Sarkar purchased a residential house property for ₹ 11,50,000.

Compute his taxable income from capital gains for the assessment year 2023-24.

[CII : 2001-02 : 100, 2005-06 : 117, 2006-07 : 122, 2012-13 : 200, 2022-23 : 331]

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Or,

(a) Aakash acquired a plot of land on 05.06.2006 for ₹ 9,15,000 which was sold on 10.01.2023 for ₹ 39,00,000. The expenses of transfer was ₹ 1,17,500. Aakash made the following investment on 10.02.2023 from the proceeds of the above plot :

Bonds of Rural Electrification Corporation Ltd. redeemable after a period of 5 years ₹ 12,00,000.

Compute the capital gains chargeable to tax for the assessment year 2023-24.

[Cost Inflation Index (CII) : 2006-07 : 122; 2022-23 : 331]

(b) Mention the rate of tax in the following cases :

(i) Short-term capital gain if securities transaction tax is not applicable.

(ii) Short-term capital gain if securities transaction tax is applicable.

(iii) Long-term capital gain if benefit of indexation is not taken by the assessee in case of transfer of listed shares.

(iv) Long-term capital gain computed using the Cost Inflation Index (CII) as usual.

(c) What are the cost of acquisitions of bonus shares if –

(i) Bonus shares were allotted on 12.10.1985

(ii) Bonus shares were allotted on 01.04.2003.

4+4+2

Group - C

8. Mrs. Ganguly, an employee of a private limited company, furnishes the following particulars of her incomes for the year 2022-23. Compute her income from salary for the A.Y. 2023-24 : 15

- (a) Basic salary on April 1, 2022 ₹ 65,000 (increment of ₹ 5,000 per month falls due on 1st January every year).
- (b) Dearness Allowance @ 50% on basic pay (40% of which forming part of salary).
- (c) Bonus ₹ 12,500 paid as per contract.
- (d) Entertainment allowance ₹ 700 per month; expenses incurred for the same ₹ 5,000.
- (e) Lunch allowance ₹ 900 per month.
- (f) She contributes 14% of salary to a recognised provident fund where the employer also makes a matching contribution. Interest @ 13% per annum amounting ₹ 1,26,000 is credited to this fund during the year.
- (g) A rent-free furnished accommodation in Kolkata is provided by the employer which is owned by employer. Fair rent of the accommodation is ₹ 14,500 per month. Cost of furnishing the accommodation amounts to ₹ 1,50,000.
- (h) A 1200 CC car is provided by the employer both for official and private purpose. Entire expenses for running and maintenance of car including driver's salary are borne by employer.
- (i) Professional tax of ₹ 200 p.m. is deducted by the employer from her salary.
- (j) Medical expenses of ₹ 75,000 for her treatment in a private nursing home reimbursed by the employer during the previous year.

Or,

- (a) Mr. Partha Mitra retired from ABC Ltd. on 31.10.2022 after serving 30 years. He was entitled to a pension of ₹ 15,000 per month with effect from 01.11.2022. On 31.12.2022 he commuted 40% of his pension and received ₹ 4,20,000. He also received gratuity of ₹ 5,00,000.

Compute his taxable amount of commuted and uncommuted pension for the assessment year 2023-2024.

- (b) Discuss the taxability of the following :
 - (i) Education allowance received for 3 children @ ₹ 200 p.m. per child.
 - (ii) Medical allowance ₹ 3,000 p.m. (Actual expenses ₹ 45,000).
 - (iii) Conveyance allowance received @ ₹ 1,000 p.m. 75% has been spent for official duties.
 - (iv) Compensation of ₹ 2,00,000 received from the past employer as per agreement.
 - (v) Free use of Laptop computer given by the employer both for private and official purposes. The cost of Laptop to the company is ₹ 1,00,000.
 - (vi) Interest free loan taken from employer of ₹ 50,000 for purchasing home appliances on 01.07.2022. SBI rate of interest for providing such type of loan is 12% p.a.

5+(2+1+2+2+1+2)

9. Uttam is the owner of two houses in Kolkata. From the following particulars, compute his income from house property for the assessment year 2023-24.

House No. I : The house was purchased in the previous year 2010-2011 and it has 2 independent units. Unit 1 (50% of floor area) is let out for residential purpose. Rent received ₹ 1,00,000. Unit 1 remains vacant for 2 months when it is not put to any use. Unit 2 (the remaining 50%) is utilized for the purpose of his own residence. Other particulars of the house are as follows – fair rent ₹ 2,48,000, net municipal value : ₹ 1,80,000, standard rent under the Rent Control Act : ₹ 2,28,000, municipal taxes paid ₹ 20,000, repairs ₹ 10,000, interest on capital borrowed to purchase the property ₹ 1,20,000, fire insurance premium paid ₹ 40,000.

House No. II : Uttam is also using this house for the purpose of his residence since 2020. He took a loan of ₹ 12,00,000 @ 10% p.a. for construction of this house on 01.04.2017 and construction was completed on 01.06.2020. He repaid the principal amount of loan to the extent of ₹ 2,00,000 on 30.06.2022 but no interest was paid during the year 2022-23. The municipal value of the house is ₹ 3,00,000 and he paid ₹ 10,000 as municipal tax and ₹ 5,000 for repairs of the house.

10+5