

2021

TAXATION – I — HONOURS

Paper : CC-4.1Ch

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

Answer *any four* questions.

1. (a) What do you mean by the term 'assessment year'?
- (b) Mention any two circumstances where income of previous year is assessed in the same year.
- (c) Determine the status of the following persons:
- (i) ABCD, an alumni association of students.
- (ii) Sonarpur Municipality.
- (d) Mention any two fully exempted incomes. 2+3+3+2
2. Mr. Das has received the following amounts during the previous year ending on March 31, 2021:
- (a) Income from house property in Sri Lanka received therein ₹ 22,500.
- (b) Income from salary in India ₹ 1,20,000.
- (c) Dividend from an Indian company received in China ₹ 25,000 (gross).
- (d) Income from business controlled from Bangladesh ₹ 37,500.
- (e) ₹ 10,000 earned in England during the previous year 2019-20 was brought to India.
- Compute the Gross Total Income of Mr. Das if he is:
- (i) Ordinarily resident
- (ii) Not ordinarily resident and
- (iii) Non-resident 2×5
3. (a) Define agricultural income.
- (b) Mr. Vishal retired from service on 31.10.2020 and received ₹ 5,00,000 as gratuity. He was entitled to a pension of ₹ 10,000 per month w.e.f. 01.11.2020. From 01.01.2021 he commuted 50% of his pension and received ₹ 3,00,000 as commuted pension.
- Compute his taxable amount of pension for the assessment year 2021-2022. 3+7

Please Turn Over

4. Mrs. Mala Sen, furnishes the following information for the previous year 2020-21. Compute her income from other sources for the assessment year 2021-22. 2×5

(a) Winning from lottery after deducting tax @31.2% ₹ 1,37,600 (expenses incurred ₹ 2,000).

(b) ₹ 40,000 received as interest from Government securities, ₹ 4,000 spent towards collection charges.

(c) Dividend from Tata Steel ₹ 30,000.

(d) Family pension received ₹ 48,000.

(e) Income from agriculture land situated in Bangladesh ₹ 24,000.

5. From the following particulars, compute Gross Total Income and losses to be carried forward by Sk. Rasidul Alam for the assessment year 2021-22: 10

	₹
Income from salary (Taxable)	7,00,000
Income from House Property:	
House-I (Let out)	(–) 7,37,500
House-II (Self occupied, Interest on borrowed money)	(–) 22,500
Income from speculation business	31,250
Short-term capital gain	30,000
Long-term capital loss	62,500
Speculation business loss of assessment year 2020-21	37,500
Short-term capital loss of assessment year 2020-21	20,000

6. (a) From the following details for the previous year 2020-21, compute depreciation and/or capital gain (or loss) for the relevant assessment year:

	₹
W.D.V. of the block of plant and machinery on 01.04.2020 (consisting of plants X and Y-depreciation rate 15%)	2,00,000
Cost of plant Z acquired on 19.11.20 (depreciation 15%)	1,00,000
Case (i): All plants are sold for ₹ 2,80,000	
Case (ii): Plant X and Z are sold for ₹ 2,80,000	

(b) Discuss the admissibility of the following expenses in case of an individual businessman Sandip Sarka under the relevant provisions of the Income Tax Act.

(i) A cash payment of ₹ 50,000 made to a creditor who refused to accept a cheque.

- (ii) A sum of ₹ 1,00,000 on account of interest on term loan was paid one month after the due date of submission of return. 6+(2+2)

7. (a) Discuss in brief about the provision of clubbing of income of a minor.
(b) State the amount of deduction available for interest on loan u/s 24(b) in case of a self-occupied property.5+5

8. Nitisha has made the following investments/payments during the previous year 2021-22:

	₹
Contribution to Recognised Provident Fund	25,000
Deposit in Public Provident Fund	1,00,000
Life insurance premium paid on own life (Sum assured ₹ 1,00,000 taken on 10.10.2010)	25,000
Life insurance premium on daughter (Policy value ₹ 1,20,000 taken on 01.01.2015)	15,000
Life insurance premium paid on mother's life (Policy value ₹ 2,00,000 taken on 15.12.2018)	20,000
Purchase of NSC (VIII issue)	10,000
Accrued interest on NSC (including last year's interest of ₹ 1,000)	6,000
Repayment of home loan to SBI (including principal ₹ 10,000)	50,000
Calculate the amount of deduction under section 80C.	

10

Group-B

Answer *any two* questions.

9. Mr. Surajit Roy is the Managing Director of ABC Ltd. (a private limited company) in Kolkata. He furnishes the following particulars of his income for the financial year 2020-21:
- (a) Basic salary @₹ 40,000 per month
- (b) Dearness allowance @50% of basic salary (forming part of salary for computation of retirement benefits)
- (c) House rent allowance ₹ 2,500 p.m. During the year 2020-21, he stayed in a rented house in Kolkata paying monthly rent of ₹ 3,000.
- (d) Children education allowance received @₹ 200 p.m. per child for his three children.
- (e) Medical allowance received @₹ 600 p.m. (Actual medical expenses incurred by him during the year amounted to ₹ 5,000).
- (f) He contributes 15% of salary to recognised Provident Fund. His employer also makes a matching contribution.
- (g) Interest credited to Recognised Provident Fund @12% p.a. amounted to ₹ 9,600.

Please Turn Over

- (h) His employer provided a 1200 c.c. car. He used the car both for official and private purposes. All expenses are borne by his employer.
- (i) He was provided with a servant for his domestic work. His employer paid ₹ 1,500 per month to the servant.
- (j) Professional tax of Mr. Roy @ ₹ 200 p.m. was also paid by his employer.
- Compute the income from salary of Mr. Surajit Roy for the assessment year 2021-22.

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10. Mrs. Sayani Mallick furnished the following information for the previous year 2020-21:

	House – I	House – II
Where situated	Kolkata	Midnapur
Purpose of use	Let out	Self-occupied
Construction completed on	20.03.2014	25.08.2016
Gross Municipal Value (₹)	3,75,000	3,12,500
Fair rent (₹)	7,50,000	5,00,000
Annual rent (₹)	9,00,000	—
Standard rent (₹)	6,87,500	—
Vacancy period	3 months	—
Municipal tax (₹)	40,000	15,000
Interest on loan (₹)	31,250	—
Loan taken for construction @8% p.a. (₹)	—	25,00,000
(Date of taking the loan)		(30.09.12)

Other information:

In case of House – I, municipal tax for the last quarter remains unpaid.

Compute 'Income from house property' for Mrs. Mallick for the Assessment Year 2021-22.

11+7+2

11. Mr. Suraj Soren submits the following profit and loss account of his business for the year ended 31.03.2021:

Particulars	Amount (₹)	Particulars	Amount (₹)
To Opening Stock	67,500	By Sales	7,35,000
To Purchases	5,25,000	By Interest on Fixed Deposit	15,000
To Interest on capital	3,000	By Bad Debt Recovery (Disallowed earlier year)	4,500
To Legal expenses	9,000	By Closing Stock	75,000
To Salaries	31,500		

To Payment to IIT, Delhi for Scientific research	9,000		
To Depreciation	33,000		
To Life Insurance Premium	7,500		
To Bad Debt	7,500		
To Advertisement	45,000		
To Provision for Bad Debts	1,500		
To Provision for Income Tax	15,000		
To Net Profit	75,000		
	8,29,500		8,29,500

Other information:

- (a) Salary include ₹ 9,000 paid to Mr. Soren.
 (b) Depreciation as per IT rules ₹ 37,500.
 (c) Legal Charges include ₹ 3,000 paid as penalty for infringement of Customs Law.
 (d) Sales include ₹ 30,000 being the value of goods withdrawn by the proprietor, cost of which is ₹ 27,000.
 (e) Closing stock overvalued by ₹ 7,500.

Compute income from business of Mr. Soren for the Assessment Year 2021-22.

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12. (a) Subham furnishes the following information for the previous year 2020-21:

	Gold	Residential House Property at Kolkata
Date of purchase	05-10-2019	15-10-2012
Date of sale	15-03-2021	10-12-2020
Cost of acquisition (₹)	1,00,000	10,00,000
Sale proceeds (₹)	1,50,000	55,10,000
Expenses in connection with sales	—	5,00,000

Subham purchased a new flat in New Town on January 15, 2021 for ₹ 15,00,000. Compute his taxable capital gain/loss for the assessment year 2021-22.

[Cost Inflation Index (CII) : 2012-13 : 200; 2019-20 : 289, 2020-21 : 301]

- (b) From the following information, state the availability of rebate u/s 87A.

(i) Total Taxable Income ₹ 4,75,000

(ii) Total Taxable income ₹ 6,00,000

- (c) Write a short note on exemption u/s 54EC.

10+(2+3)+5