

Income Tax - Law & Practice

B. Com. (H) December DBE

Ay 2021-22

Exam held on 30-12-2021

Suggested answers & Marking Scheme

Dr S B Rathore (Tax Doctor)

Associate Professor (1977-2019)

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Ques. 1

Residential status of an individual

Basic cond.^{ns}

Additional cond.^{ns}

Exceptions

Two new exceptions u/s 6(A) & 6(B)(C)

w.e.f. Ay 2021-22.

} 6 marks.

2 marks

Res. status of HUF

Basic cond.^{ns}

Additional cond.^{ns}

5.75 marks.

Ques-2

		Months	Amount
Basic Salary	200000	9	1800000
Basic Salary	210000	3	630000
DA	20000	12	240000
Telephone	5000	12	60000
Car R & M	1800	12	21600
Car Driver	900	12	10800
Rent Free		10	388975
Refreshment			
Servant Allowance	5000	10	50000
Servant Facility	5000	2	10000
Hostel (750 * 3 Children) Allowed 300 * 2 * 12 Months	27000	7200	19800
Tuition Fees (10000 * 3 Children)	30000	12	360000
			3591175

<i>Rent Free Accommodation</i>	<i>April-Dec</i>	<i>Jan</i>	<i>Total</i>
<i>Basic</i>	<i>1800000</i>	<i>210000</i>	<i>2010000</i>
<i>DA</i>	<i>180000</i>	<i>20000</i>	<i>200000</i>
<i>Telephone</i>	<i>45000</i>	<i>5000</i>	<i>50000</i>
<i>Servant</i>	<i>45000</i>	<i>5000</i>	<i>50000</i>
<i>Hostel</i> <i>2250 - 600</i>	<i>14850</i>	<i>1650</i>	<i>16500</i>
			<u><i>2326500</i></u>
		<i>15%</i>	<i>348975</i>
	<i>Rent Paid</i>	<i>36000</i>	<i>360000</i>
	<i>Lower</i>		<i>348975</i>
<i>Dining Table</i>		<i>34000</i>	
<i>Refrigerator</i> <i>6 Months</i>	<i>120000</i>	<i>6000</i>	<i>40000</i>
			<u><i>388975</i></u>

Salary	3591175	
Less Std Ded	<u>-50000</u>	3541175
Capital Gain		780000
Other Sources		
<i>Family Pension</i>	42000	
Less Std Ded 1/3 or 15000	<u>-14000</u>	28000
	GTI	4349175
Less Deductions		
Section 80C (120000 + 50000)	150000	
Section 80G	25000	
Section 80EEB	145000	320000
	Total Income	4029175

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LTCY

440000

1273027

0.5569

0.5786

4

1

Exemption
up 54F

—

(12,73,027) (1 mark)

Total LTCY

440000

NIL = 440000

Long term
of capital
loss

(1 mark)

(200000)

240000

LTCY

240000

ITOL

150000

Taxable income

390000

(1 mark)

Exemption limit

~~2~~ 2,50,000

LTCY

240000 - 100000

(1 mark)

= 140000

Exempt @

(100000)

(2.75 marks)

Tax liability

40000 X 40% = 4000
HEC @ 4% + 160

4160

Ans

Note 1

Cost of Acq.ⁿ if shares are
acquired prior to 1.2.2010.

C.O.A on 5.10.16

190

F.M.V on 31.1.18

350

350.

Sale cons. 800

} lesser of
two

} Whichever
is
higher.

₹ 350. per
share

Q4

Mr. Amir. Income from house property
Ay 2021-22.

	2 marks	2 marks	1 mark	1 mark
	A	B	C	D
	LO	LO	SO	SO

GAV	96,000	2,16,000	NIL	NIL
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(MT paid)	(17,600)	(40,000)	(NIL)	(NIL)
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NAV	94,240	2,12,000	NIL	NIL
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(-) Ded. u/s 24

(a) Std Ded. @ 30%	(28,272)	(63,600)	(NIL)	(NIL)
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(b) Int. on B/C			(20,000)	(30,000)
	(60,000)	(23,000)		
	(46,000)			
	<u>55,368</u>	<u>12,54,000</u>	<u>(20,000)</u>	<u>(30,000)</u>

1 FHP	553680	553680	}	16,07,680
	1254000	1254000		
(1 mark)	(200000)	(200000)	}	
	(30000)			

(1 mark)	Loss from FHP		(20,000)
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<u>1 FHP.</u>	<u>14,07,680</u>
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84

IFHP

1407,680

+ IFOS

Int. on F.D.

Dauger's 6000
(1500)

4,500

(1 mark)

+ winnings Gross.

80000

(1 mark)

+ gifts

-

(1 mark)

+ Dividend

400000

GTI

1892180

- Ded.ⁿ up to CEC

(150000)

(0.75 mark)

Taxable income

1742180

Tax liability

1742180

1662180

80000
24000

winnings

Tax @ 30%

Total Income	Tax Rf.	Tax Amt.
<u>1662180</u> (250000)	@ NIL	NIL
<u>1412180</u> (250000)	@ 5%	12500
<u>1,16,2180</u> (500000)	@ 20%	100000
<u>662180</u> (662180)	@ 30%	<u>198,654</u>

(2 marks)

Total tax amount	3,11,154
+ Tax on winnings	2,4000
	<u>3,35,154</u>

+ s/c

—

+ HEC @ 4%

13406.16

348560.16

Round off.

348560

— Tax prepaid (TDS)

(24000)

324560

Ans.

Assessment of firms.

Computation of taxable income for
Jeeva & Associates. (9.75 marks)

Net profit	344600.
+ Personal Exp.	1700
+ Business Income	9000
- Dep ⁿ as per tax	(30000)
+ Dep- as per P&L	27,200
+ Salary to staff (out of India)	12,000
+ Int on Cap. Ashima 13%	6,5000
+ Int on Cap. Sanija 13%	6,5000
+ Int on loan taken to pay income tax.	12,000
+ Salary to Ashima	250000
Sanija	250000
+ Prov. for B/D.	9600
+ Household Exp.	22400

(-) Int on govt securities
Book profits

(134000)

904500

270000

362700

632700

316350

316350

(-) Remuneration

(500000)

PGBP

104500

1505

134000

Taxable income

538500

Partners Income . (4 marks)

	Ashima	Saniya
Remuneration	250000	250000
Int. on Capital	60000	60000
Income from Profession	<u>3,10,000</u>	<u>3,10,000</u>
IFS		
Exemption (Parag 10)	70000 (3500)	
Dividend	66,500	66,500
	480000	480000
GTI	<u>856,500</u>	<u>8,56,500</u>
De ^{ns}		
80C	(140,000)	
80TTA	(10,000)	(10,000)
Taxable Income	<u>7,06,500</u>	<u>8,46,500</u>

* Gift of Apple Smart watch not a property.

Q6

Sec 115 BAC
Total Income

(4 marks)

20,00,000

(2,50,000) @ NIL NIL

17,50,000

(2,50,000) @ 5% 12500

15,00,000

(2,50,000) @ 10% 25000

12,50,000

(2,50,000) @ 15% 37500

10,00,000

(2,50,000) @ 20% 50000

7,50,000

(2,50,000) @ 25% 62500

$$\frac{500000}{(500000)} @ 30\% \quad 150000$$

x

Total tax

337,500

+ S/c

+ H.E.C.

13500

Tax liability

~~351000~~

Theory on Sec 115 BAC

W.e.f AY 2021-22

(9.75 marks)

Option available to Individual/HUF.

Incentives withdrawn

Tax slab

Reduction available up to 80 CCD(a)