

Income Tax Law and Practice

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Upc:- 52414304

Solution to Core Paper 3.2 (Income Tax)
Exam held on Mon 26-12-22 (02:30 am to 05:00 pm)

B.Com (CBSE)

Centralised Evaluation at Miranda House

(Friday 30-12-2022 to Thursday, 05-01-2023)

www.taxclasses.in

Q1. (a) Theory

4

Marks

Sec 172,173,174,174A,175, 176,177,178 shipped discontinuation of business leave India etc.

(b) Residential Status of Mr. Sumit – ROR

2 Marks

Profit from business in London	1,25,000
Salary	15,000
Interest	20,000
Agricultural Income	70,000
Gift (not taxable being below as 50,000)	
GTI	2,30,000

OR

(a) Concept of the partial integration

5 Marks

(b) Provision of residential status of an individual

6 Marks

Every year is an Independent year. Explain Provisions.

Q2.(a) least of the following shall be exempted:-

(i) $\frac{1}{2} * 62000 * 12 = 3,72,000$

(ii) 20,00,000

(iii) 5,00,000

⇒ Exempted Gratuity = 3,72,000

Taxable = 1,28,000

Salary for gratuity

Basic Pay	50,000
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DA	12,000
Total	<u>62,000</u>

Calculation of chargeable income: -

Basic Pay	1,50,000
DA	45,000
Gratuity	1,28,000
Gross Salary	3,23,000
(-) Standard deduction u/s 16	nil
Income from Salary	3,23,000

Rs 100/300 Max 2 children

(b) Provision of children education allowance and education facility

6 Marks

OR

Calculation of net income.

1M	Basic Pay (55000*10+60000*2)	6,70,000
	DA	1,00,500
	Bonus (60,000*2)	1,20,000
1M	Employer's Contribution to RRF	17,540
	Salary (6,70,000 + 1,00,500)	7,70,500
	12% of Salary	92,460
	Taxable RRF (1,10,000 – 92,460)	
1½M	Rent-free Accommodation	1,33,575
	Salary (6,70,000 + 1,00,500 + 1,20,000) = 8,90,500	
	15% of Salary – 1,33,575	
	Actual rent – 2,40,000	
½M	Medical bills reimbursement	80,000
½M	Domestic Servant	48,000
1M	Motor Car facility (70,000 – 2400*12)	41,200
½M	Free Lunch (300*(100 – 50))	15,000
1½M	Gross Salary	<u>12,25,815</u>
	(-) standard deduction	(50,000)
	Income from Salary	11,75,815
	Income from other sources (15,000 + 1,00,000)	1,15,000
	Gross Total Income	12,90,815
	(-) Deduction	
1½M	80C RRF 1,10,000	1,10,000
	80G	10,000
	80 TTA	10,000
	Net Income (rounded off)	<u>11,60,820</u>
	Computation of tax liability	
	On lottery income	30,000
	On Balance 10,60,820	1,30,746

2M	(12,500 + 1,00,000 + 18,246)	
	Tax as per slab	1,60,746
	(+) HEC @4%	5,230
	Tax liability	1,65,976
	(-) TDS	30,000
	Tax Payable (rounded off)	1,35,980

Q3.

4 marks

4 marks

Particulars	House I	House II
Expected rent	3,00,000	3,50,000
Actual rent	4,90,000	2,00,000
GAV	4,90,000	2,00,000
(-) Municipal Taxes paid	40,000	50,000
NAV	4,50,000	1,50,000
(-) 24(a) standard deduction u/s 24 (30% of NAV)	1,35,000	45,000
(-) 24(b) Interest on borrowed capital	Nil	1,40,000
Income from house		
	3,15,000	(35,000)

Total Income

1Mark	Income from house property	2,80,000
	Income from business	9,50,000
	Gross total income	12,30,000
	Less: - deduction u/s 80C To 80U	Nil
	Net income	12,30,000

Computation of tax liability with 115BAC option

2Marks	Tax as per slab	1,21,000
	Add: - SHEC @4%	4,840
	Tax liability	1,25,840

Or, Computation of tax liability as per ordinary regime

Total Income	12,30,000
Less deduction u/s 80C	1,50,000
	10,80,000

Tax	1,34,000
Add cess @4%	5,360
Total tax liability	1,39,360

OR

(a)

Assessment Year 2022-23		
	Sales consideration	9,05,000
	(-) Expenses on transfer	5,000
	Net consideration	9,00,000
	(-) Indexed cost acquisition	4,06,410
6M	[1,50,000/117*317]	
		4,93,590
		3,29,060
	(-) deduction u/s 54f	
	[6,00,000/9,00,000*4,93,590]	
	Long term Capital gain	1,64,530

b) After the expiry of 3 years from the date of transfer of shares i.e. AY 2025-26

(Up to 9th July, 2024)

Amount of exemption taken back

OR

Chargeable amount of LTCG for AY 2025-26 Unutilised amount /net consideration* original LTCG $1,20,000/9,00,000*4,93,590$
 $= 65,812$

c) X can withdrew balance any time after 9th July, 2024

d) X should not purchase another residential house property before 9th July, 2023. Moreover, should not construct residential house property before 9th July, 2024.

X should not sale the property acquired to claim exemption u/s 54f before 9th July, 2024.

Q4 Computation of income under PGBP:-

	Net profit	4,26,600
	(+) Excess Depreciation (48,000 – 37,300)	10,700
	(+) Cost of sign board	3,000
	(+) Accrued Income	2,04,500
7 marks	(+) Inadmissible General Expenses (1,000 + 500)	1,500
	(+) Interest on loan to Mrs. X	42,000
	(+) Advance Tax	5,000
	(+) Salary to X	48,000
	(+) Interest on capital of X	23,000
	(-) Interest on Debentures	25,000
	(-) Interest on Deposits	13,000
	Income from PGBP	7,25,700

Calculation of Taxable Income

		Regular Tax Regime	Alternate Tax Regime
2 marks	PGBP	7,25,700	7,25,700
	Other sources (25,000 + 13,000)	38,000	38,000
	Gross Total Income	7,63,700	7,63,700
	Less: - Deductions		
	80 C	6,000	-
	80 GGB	1,000	-
	Net Income	7,56,700	7,63,700

Calculation of Tax Liability

		Regular	Alternative
2 M	Tax as per slab	63,840	39,555
	Add :- SHEC @4%	2,554	1,582
		66,394	41,137
	Less: - TDS (2,500 + 1,300)	(3,800)	(3,800)
	Less: - Advance Tax	(5,000)	(5,000)
	Tax Liability (Rounded off)	57,590	32,340

OR

- a. 40 (b) 5 Marks
- b. 43B 6 Marks
5. 5 ½ Marks Each

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