

# School of Finance and Commerce

Commerce  
ETE - Jun 2023

Time : 3 Hours

Marks : 100

## Sem IV - H1UB401T - Income Tax Law and Accounts

Your answer should be specific to the question asked

Draw neat labeled diagrams wherever necessary

1. Discuss briefly the concept of "Income". Differentiate between the Gross Total Income and Total Income. K1 CO1 (5)
2. Discuss the different categories to identify the residential status of an individual. Give a brief account of each of them. K2 CO1 (5)
3. Explain the calculation of House rent Allowance (HRA) under the head "Salaries". K1 CO1 (5)
4. Explain the treatment of the "Motor Car" facility under the head "Income from Salaries". K2 CO1 (10)
5. Discuss the powers of Income tax authorities. K3 CO2 (10)
- 6) Discuss in detail about the "Advance Payment of Income Tax". K4 CO4 (10)

### OR

- Discuss the powers of Central Board of Direct Taxes or Commissioner of Income Tax. K4 CO4 (10)
7. Discuss the relevance of Permanent Account Number. List down the cases under which PAN is compulsory K3 CO2 (10)
  8. Compute taxable salary of Mr. X for the assessment year 2022-23: K3 CO2 (15)

1. Salary 60000 pm
2. D.A 10000 pm
3. Entertainment Allowance 1000 pm
4. Employer's contribution to RPF 88800. His own contribution was 88800.
5. Interest @10% pa on credit balance of recognized PF amounted to 50000.
6. City compensatory allowance 1200 pm
7. Medical allowance 1200 pm
8. He has been provided with a large car for both official and personal use. Employer bears all the expenses of the car.
9. He is provided an unfurnished house by the employer in a city (population 12 lakh).

The fair rental value of the house is 90000 pa. Employer charges 2000 from him per month as rent.

- 9) Shri Radhey Lal, the proprietor of a flour mill, has prepared the following Profit & Loss Account for the year ending 31st March, 2022. You are required to compute his income from business and his gross total income for the assessment year 2022-23: K5 CO4 (15)

Profit and Loss Account

| Particulars                                  | Amount | Particulars  | Amount |
|--|--------|--|--------|
| To Trade Expenses                            | 450    | By Gross Profit  | 235900 |
| To Establishment charges                     | 2200   | By Dividends from a Co-operative Society                         | 2600   |
| To Rent, Rates & Taxes                       | 1400   | By rent from property  | 500    |
| To Discount & Allowance                      | 200    | By bad debts recovered (allowed as deduction in an earlier year) | 2000   |
| To Income Tax                                | 700    |  |        |
| To Interest                                  | 1450   |  |        |
| To Postage Charges                           | 100    |  |        |
| To gifts and presents for publicity          | 125    |  |        |
| To Fire insurance premium                    | 250    |  |        |
| To charities                                 | 375    |  |        |
| To Donations                                 | 400    |  |        |
| To Repairs and Renewals                      | 250    |  |        |
| To Audit fees                                | 250    |  |        |
| To Net profit transferred to Capital Account | 232850 |  |        |
|  | 241000 |  | 241000 |

PTO

**OR**

From the following Profit & Loss A/c of a banking company, for the year ended 31st March 2022: K5 CO4 (15)

| <b>Particulars</b>           | <b>Amount</b> | <b>Particulars</b>                             | <b>Amount</b> |
|------------------------------|---------------|--|---------------|
| To Interest paid on deposits | 200000        | By Interest on overdraft                       | 60000         |
| To Salaries and allowances   | 150000        | By interest on cash credits                    | 100000        |
| To rent and Taxes            | 20000         | By interest on loans                           | 300000        |
| To postage Charges           | 10000         | By interest on securities                      | 120000        |
| To Stationery and Printing   | 8000          | By commission                                  | 40000         |
| To Depreciation              | 40000         | By rent of buildings (mortgaged with the bank) | 60000         |
| To other expenses            | 20000         | By underwriting commission                     | 30000         |
| To Provision for Income Tax  | 230000        | Profit on sale of shares underwritten          | 70000         |
| To Bad debts provision       | 40000         |  |               |
| To Profit to Balance Sheet   | 62000         |  |               |
|                              | <b>780000</b> |  | <b>780000</b> |

Calculate the "Income from Business" for 2022-23.

10. Z, who is working in a company in Noida, is having a basic pay of Rs. 40,000 p.m. and DA @ 20% of his basic pay. He is also getting city compensatory allowance of Rs. 4,000, medical allowance of Rs. 6,000, bonus Rs. 16,000 and commission Rs. 4,000. The company also provided him with rent-free accommodation of the fair rental value of Rs. 60,000 per annum. He is provided free of charge a sweeper and a cook for Rs. 300 and Rs. 700 p.m. respectively and a gardener for Rs. 250 p.m. He is also getting free electricity for personal use for which the employer has paid Rs. 6,000 pa. Compute his taxable salary for the assessment year 2022-23. Assume The population of Noida is more than 25 lacs. K4 CO3 (15)