

**BITS Pilani K.K.Birla Goa Campus
Midsem Examination.**

Sub : FIN F – 312 Fundamentals of Taxation and Auditing.
Date : 12th March, 2023

Total Marks : 35
Time : 11:30 am to 1.00 pm

All Questions are compulsory. Give reasoning to support your view point by reference to the income tax law wherever necessary to prove your view point. Marks are reserved for neatness and also proper reasoning and justification of law.

Q.NO. 1

6 Marks.

R owns a house property in Delhi. From the following particulars given below :
Compute the income from house property for the assessment year 2021-22 (previous year 2020-21)

Particulars	Rs.
Municipal Value – per annum	2,20,000
Fair Rent – per annum	2,52,000
Standard Rent – per annum	2,40,000
Actual Rent – per annum	2,76,000
Municipal Taxes payable	20% of Municipal Value
Municipal taxes paid during the previous year.	50% of taxes levied.

R has borrowed a sum of Rs.12,00,000 from a Public Sector bank @ 10% on 1-7-2018 and the house is completed on 28-2-2020.

Calculate the following and prepare a detailed statement of income from house property.

1. Gross Annual Value
2. Net Annual Value.
3. Standard deduction for repairs.
4. Pre construction Interest allowed & Post construction interest for the PY 2020-21.
5. Total Income from House property.

Q.No.2.

6 Marks

From the following taxable income of Mr. Raman for the AY 2021-22 (PY 2020-21)

Particulars	Amount in Rs.
a) Salary income received in India for services rendered in Hong Kong.	3,90,000
b) Income from Profession in India, but received in Germany.	3,60,000
c) Property income in Uganda received there (out of which Rs.2,40,000 remitted to India through the proper banking channel)	5,00,000
d) Profits earned from business in Bangalore	1,50,000
e) Rent from Property situated in Delhi but received in USA	1,60,000
f) Profits from a business carried on at Nepal but controlled from India.	2,20,000

Compute the Income of Raman, if Raman was as per Indian Income tax act

- (1) Resident and Ordinarily Resident in India.
- (2) Resident but Not Ordinarily Resident.
- (3) Non Resident in India.

Q.No.3.**6 Marks**

From the following gifts received by Mr. X aged 42 , gives the following information. AY 2021-22 that is PY 2020-21. Compute the income for the above assessment year.

Under which head of income the following incomes will be taxable. ?

(I)	On 31-12-2020, he receives a gift House from C (who is father-in-law of his elder brother) – stamp duty value is Rs.40,000, however current market value is Rs.65,000
(II)	On 7-12-2020, X purchases a second hand car for Rs.70,000 from D (market value of the car, however is Rs.3,00,000)
(III)	On 14-12-2020, X purchases a work of art for Rs.5,00,000 from E (fair market value is Rs.5,30,000)
(IV)	On 20-12-2020, X purchases jewelry for Rs.7,00,000 from F who is actually a Jewelry merchant and he has issued a proper GST invoice for the same. However, it should be noted that Fair Market value was Rs.8,25,000
(v)	On the occasion of his marriage on 7-4-2020, he has received Rs.85,000 from relatives and as gifts Rs.35,000/- from friends.
(vi)	On 28-1-2021, minor son of X gets the gift of Cash Rs.55,000 from elder brother of X's Grand father)

Q.No.4**6 Marks**

Mr. J had purchased gold worth Rs.2,75,000 in the FY 2008-2009. This gold has been sold on 31-3-2022 for Rs.20,00,000 and the selling expenses have been Rs.50,000. Mr. J has deposited Rs.4,50,000 in the capital gains scheme on 15-7-2022 and spent Rs.12,00,000 on 15-7-2022 for purchase of the residential house. It may be noted that due date for filing of the income tax return is 31-7-2022.

Under the above facts and circumstances, under which section of the income tax act, Mr. J can claim exemption from capital gains and calculate the amount of capital gains for the AY 2022-2023 (Previous year 2021-2022).

Cost Inflation index for the financial years 2008-09, 2021-22 is 137, 317 respectively.

Q.No.5 - MCQs

(1) Cash gift received from a Non Relative is regarded as income from other sources. However the exempt income is : **1 Mark**

(a) Rs.25,000 per annum per person.	(b) Rs.50,000 per annum per person
(c) Rs.25,000 per annum in aggregate	(d) Rs.50,000 per annum in aggregate.

(2) Which of the following incomes is not included in the term income under the Indian Income tax act **1 Mark**

(a) Reimbursement of Travelling expenses	(b) Dividend Income
(c) Profits and gains of business	(d) Income from Capital gains.

(3) For claiming exemption under 54B, the capital asset transferred should be **1 Mark**

(a) Urban agricultural land	(b) Any of (a) or (b)
(c) Rural agricultural land	(d) None of (a) or (b)

(4) Incomes which accrue or arise outside India but are received directly in India are taxable in case of : 1 Mark

(a) Resident and Ordinarily Resident in India.	(b) Non Resident in India
(c) R & OR as well as Not Ordinarily Resident in India.	(d) All Types of Assesses.

(5) Residential house is sold for Rs.2,90,00,000 and the long term capital gains computed is Rs.1,90,00,000. The assessee bought two residential houses for Rs.1,00,00,000 and Rs.90,00,000 respectively. The amount eligible for exemption under Section 54. 1 Mark

(a) Rs.1,90,00,000	(b) Rs. 1,00,00,000
(c) Rs. 90,00,000	(d) Rs. Nil

(6) Mrs. J , 55 years of age, a resident of India has earned a total income of Rs.6,35,670. Calculate his tax liability for the AY 22-23 (PY 21-22) 1 Mark

(a) Rs.41,220	(b)Rs.41,215
(c)Rs.40,820	(d) Rs.39,630

(7) Deduction allowable in respect of family pension taxable under the head income from other sources is : 1 Mark

(a) Rs.15000 or 1/2 of family pension whichever is lower.	(b)Rs.10,000 or 1/3 of the family pension whichever is less.
(c)Rs.15,000 or 1/3 of family pension whichever is lower.	(d)No deduction is allowed.

(8) Mr. J receives taxable salary of Rs.100,000 from GCC Ltd , Mrs. J receives taxable salary of Rs.1,50,000 from GCC Ltd. Both of them have substantial interest in the company. Other Incomes of Mr. J and Mrs. J excluding such remuneration is Rs.10,00,000 and Rs.12,00,000 respectively. Taxable Income of Mr J and Mrs. J shall be : 1 Mark

(a) Rs.11,50,000, Rs.13,50,000	(b)Rs.12,50,000 , Rs.12,00,000
(c)Rs.11,00,000 , Rs.13,50,000	(d)Rs.10,00,000, Rs.14,50,000

(9) An assessee received interest due to late payment of compensation for compulsory acquisition of capital asset (being lands) amounting to Rs.10,00,000. What amount taxable under the head other sources? 1 Mark

(a) Rs.7,00,000	(b)Rs.3,50,000
(c)Rs.5,00,000	(d)Nil

(10) Determine the residential status of Mr. J who is a citizen of Australia, for the AY 2022-2023, PY 2021-2022 who stays in India as follows : 2 Marks

Previous year	Days	Previous year	Days
2010-2011	100	2016-2017	90
2011-2012	86	2017-2018	89
2012-2013	91	2018-2019	94
2013-2014	80	2019-2020	197
2014-2015	91	2020-2021	75
2015-2016	89	2021-2022	85

(a) Indian Citizen	(b) Not Ordinarily Resident
(c) Resident & Ordinarily resident	(d) Non Resident