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**3 SEM TDC ITLP (CBCS) C 306**

**2023**

( Nov/Dec )

COMMERCE

( Core )

Paper : C-306

**( Income Tax Law and Practice )**

*Full Marks : 80*

*Pass Marks : 32*

*Time : 3 hours*

*The figures in the margin indicate full marks  
for the questions*

1. (a) Write True or False of the following : 1×4=4
- (i) A person who pays tax on income earned under the Income-tax Act is a client.
  - (ii) Uncommuted pension received by a government employee is taxable.
  - (iii) Section 22 to 27 of the Income-tax Act, 1961 deal with income from house property.
  - (iv) Cost of long-term debentures is eligible for indexing.

( 2 )

(b) Fill in the blanks of the following :  $1 \times 4 = 4$

- (i) The residential status of the assessee is to be determined each year with reference to the \_\_\_\_.
- (ii) Death cum retirement gratuity paid to a government employee is \_\_\_\_.
- (iii) Income received as rent from sub-letting would be taxable under the head \_\_\_\_.
- (iv) The share of loss from a firm cannot be set off by a partner against his \_\_\_\_ income.

2. Write short notes on any four of the following :  $4 \times 4 = 16$

- (a) Assessee
- (b) Total income
- (c) Recognized Provident Fund
- (d) Preconstruction period interest
- (e) Deemed profit u/s 41
- (f) Health and Education Cess (HEC)

( 3 )

3. (a) Explain how you will determine the residential status of an individual. 12

Or

(b) Explain in brief at least twelve incomes which are exempted u/s 10 of the Income-tax Act, 1961. 12

4. (a) Define the term 'perquisite'. How is it treated for income tax purpose? 11

Or

(b) Mr. Haloi is employed in a private limited company in Tezpur (population is 16 lakhs). During the previous year 2022-23, he receives the following incomes :

	₹ (p.m.)
Basic salary	16,000
DA	7,000
Lunch allowance	900
Helper allowance (Wages paid to helper ₹1,300 p.m.)	1,100
Running allowance	700
Children education allowance ₹ 240 per child per month for 3 children	
Conveyance allowance (Actual amount spent ₹450 p.m.)	650
Overtime allowance	750
Medical allowance	1,200
City compensatory allowance	620
House rent allowance (Rent paid by him ₹7,000 p.m.)	5,000
Professional tax paid by Mr. Haloi	₹ 2,400

Compute income from salary of Mr. Haloi for the Assessment Year 2023-24.

11

5. (a) How will you determine the annual value of house property? Explain in brief the deductions that are allowed from the annual value in computing taxable income from house property. 11

Or

- (b) Mr. Jodu owns house properties about which detailed information is given below :

	House—I	House—II
Annual MRV	₹ 24,000	₹ 38,000
Annual FRV	₹ 22,000	₹ 34,000
Annual standard rent	₹ 20,000	₹ 40,000
Annual rent	₹ 30,000	₹ 36,000
Interest on loan taken for construction of house (p.a.)	₹ 28,000	₹ 22,000
Vacancy period	2 months	3 months
Municipal taxes	10% of MRV	₹ 2,400

*Additional Information :*

- (i) Loan was taken for construction of House—I by mortgaging the House—II.
- (ii) Assessee receives salary of ₹ 30,000 p.m.
- (iii) Both the units are let out.

Calculate his income from house property of both the houses for the Assessment Year 2023–24. 11

6. Explain the following : 4+3+4=11

- (a) Short-term capital gain and long-term capital gain
- (b) General income under Section 56(1)
- (c) Block of assets

Or

- (a) Discuss the following items that are to be dealt with in the income-tax assessment of a company : 2+3+2=7

(i) Capital expenditure on scientific research

(ii) Expenses incurred in respect of a branch of the business which was discontinued by the assessee during the Accounting Year

(iii) Expenses for shifting an industrial undertaking from the urban to rural area

- (b) Compute the taxable capital gains where no deposit is made under the Capital Gains Account Scheme for the Assessment Year 2023–24 : 4

	(₹)
Purchased house property in 2004–05	10,00,000
Sold house property on 11.02.2022	40,00,000
Purchased new house on 28.06.2022	10,00,000

7. Explain in brief the following items : 4+4+3=11

- (a) Deductions u/s 80C
- (b) Provisions of income tax regarding carry forward and set off of losses from business
- (c) Income from other sources

Or

The Profit and Loss Account of A, B and C carrying on business in partnership for the year ended 31st March, 2023 is as follows :

	Amount (₹)		Amount (₹)
Cost of goods sold	7,90,000	Sales	13,50,000
Salary to partners :		Interest on debenture	60,000
A	1,50,000	Rent from house	
B	1,00,000	property $\frac{1}{2}$ portion	50,000
C	55,000		
Interest on capital @15% :			
A	40,000		
B	10,000		
C	60,000		
Municipal taxes of house property (total)	5,000		
Other expenses	2,10,000		
Net profit	40,000		
	14,60,000		14,60,000

*Additional Information :*

- (i) Partnership deed allows salary and interest on capital to partners.

- (ii) Out of other expenses, ₹ 48,500 is not deductible u/s 36 and 37.
- (iii) C is not a working partner.
- (iv) The firm owns a house property, half of which is occupied by the firm for its business.

Calculate the total income of the firm for the Assessment Year 2023-24.

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