



THE AMERICAN COLLEGE, MADURAI

(An Autonomous Institution Affiliated to Madurai Kamaraj University)
Re-accredited (2nd Cycle) by NAAC with Grade "A", CGPA – 3.46 on a 4-point scale

Backlog Arrear Examination, March 2021

COM/CME/CMC 3423/COM/CME 3633

Income Tax I

Marks: 75

Duration: 3 Hrs

Part - A

Answer any FIVE of the following

(5X15=75)

1. Dr.Kannan employed in U.K. Was deputed to British Hospital in India on 1st April 2016. on 2nd January 2017 he went to U.A.E. On 1st April 2018 he came back to India and left for Japan on 20th October. He came back to India and joined his original post on 5th January 2020. Determine the residential status of Dr.Kannan for the assessment years 2018-2019 to 2020-2021.
2. Explain incomes exempted from Income tax U/S 10.
3. Mr.Suresh is an employee of a company is New Delhi. He submits the following particulars of his income from the company and you are asked to work out his taxable salary income for the financial year 2019-2020
 - (a) Salary Rs.18,000 per month.
 - (b) Bonus one month salary.
 - (c) Contribution to recognised provident fund 15% of salary, the company also contributing equal sum.
 - (d) Interest credited to P.F at 10% per annum amounted to Rs.20,000 during the year.
 - (e) He received entertainment allowance from the company at Rs.2000 per month, which he claims that he has fully spent for that purpose.
 - (f) He received a gift worth Rs.12, 000 from his employer.
 - (g) Deposit in PPF Rs.90,000.
 - (h) Deposit in NSC Rs.40,000.

4. Following is the profit and loss a/c of Mr.Y for the assessment year 2020-21

Particulars	Rs.	Particulars	Rs.
To Salary	25,650	By Gross Profit	80,000
To Rent	1,000	By Bank Interest	450
To Commission on Sales	100	By Bad debts recovered(last year allowed)	2,000
To Income Tax	2,600	By Rent from house property	4,800
To Entertainment expenses	600		

To Commission paid to collect interest	25	By Interest on Commercial securities	2,000
To Embezzlement by cashier	1,000		
To Municipal tax of house property	600		
To Bad debts(allowable)	450		
To Repairs to house	1,625		
To other expenses	9,180		
To Depreciation	5,000		
To LIC Premium	1,320		
To Net Profit	41,100		
	89,250		89,250

Depreciate allowed on the asset is Rs.4,500.

Construction of the let out house was completed in 2014.

Compute the taxable business income for the assessment year 2020-2021.

5. Find out the Net annual value from house property chargeable to tax for the Assessment Year 2020-2021 in the following cases.

PARTICULARS	HOUSE 1	HOUSE 2	HOUSE 3
Municipal Value	140,000	100,000	160,000
Fair Rental Value	160,000	90,000	175,000
Standard Rent	150,000	120,000	130,000
Rent received	160,000	140,000	120,000
Municipal Taxes paid	50,000	20,000	40,000
	(paid by tenant Rs.25,000 paid by owner Rs.25,000)	(Rs.12,000 for last year paid in the current year. Rs.4,000 for next year paid during the year. Rs.4,000 paid after 31/12/2020) Outstanding Rs.5,000.	(it includes Rs.35,000 paid in advance for next 7 years)

6. Explain briefly the various fully exempted and taxable allowances payable to employees.
7. Draw a detailed procedure for computing Income from other Sources.
