

(7 pages)

NOVEMBER 2023 **66431/KD23C/KB23C**

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer any TEN questions.

1. Define the term 'Salaries'.
2. State the meaning of standard rent.
3. Write a note on vocation.
4. How to compute cost of acquisition?
5. List four casual income.
6. Which are the losses allowed to be carry forward?
7. Quote where higher education cess is charged.
8. Bring out any four donation for which 100% deductions are allowed.
9. What do you mean by revocable transfer?
10. When there is a transfer of income?
11. What is meant by transfer pricing?
12. Why transfer pricing documentation is important?

IV Mom ⇒ Income tax law & Practice

Expenses on transfer 25,000
Cost of new house purchase in Chennai (2002.23) 4,00,000
Amount deposited in Capital gain deposit scheme in SBI on 17.05.2023 2,00,000
C.I.I 2013-14: 220; 2016-17: 264; 2022-23: 331

16. Mr. Bala has provided the following information for the previous year 2022-23. Compute his total income.
(a) Gross Salary 6,00,000
(b) Rent from house property 3,00,000
(c) STCG on transfer of residential house 1,00,000
(d) LIC Premium for his own life taken in 2019 90,000
(Sum assured Rs. 8,00,000, policy taken in 2020)
(e) Tuition fees for his three children (each 3,50,000) 1,05,000.
(f) Repayment of housing loan practical 35,000

PART B — (5 × 5 = 25 marks)

Answer any FIVE questions.

13. Mr. Kannan a resident of Trichy, receives Rs. 1,00,000 p.a. as basic salary and Rs. 2,00,00 p.a. as DA (2/3rd of which is forming part of salary) and he also receives a commission on purchases of Rs. 1,000 p.m. Bonus of Rs. 15,000 p.a. and HRA of Rs. 24000 p.a. (Rent paid at Trichy Rs. 30,000 p.a.) Calculate the taxable HRA.
14. Mr. Sudhakar Rao hired a house of 5 rooms at Rs. 5,000 p.m. He paid Rs. 6,000 as municipal taxes and spent Rs. 5,000 on the repairs of the house. He has given two rooms at the rate of Rs. 3,000 p.m. to his friend Mr. Prabhakar Rao. Compute his income from sub-letting.
15. Mr. Dev. Owns a residential house at Thoothukudi. From the following information, Compute his capital gain.
Cost of construction 7,50,000
(during 2013-14)
Cost of additions and improvement during 2016-17 2,50,000
Sale consideration 25,00,000
(Sale made on 17.11.22)

2 **66431/KD23C/KB23C**

17. Explain the steps to be taken in arriving at total income and tax liability of an individual.

18. From the following information compute the income of Mr. Baskar and Mrs. Baskar for the previous year.
Income of Mr. Baskar.

- (i) Income from his own business Rs. 4,50,000
- (ii) Income from interest on debentures (gross) Rs. 30,000.

Income of Mrs. Baskar.

- (i) Income from salary (computed) Rs. 3,00,000
 - (ii) Income from house property Rs. 60,000
 - (iii) Income from interest on debentures (gross) transferred by Mr. Baskar Rs. 10,000
19. Discuss the methods of transfer pricing.

PART C — (4 × 10 = 40 marks)

Answer any FOUR questions.

20. From the following Profit and Loss account of Mr. Raja, ascertain his income from business for the previous year.

Particulars	Rs.	Particulars	Rs.
To Salary	15,000	By Gross Profit	1,22,000
To Rent	5,000	By Rent received	38,000
To Advertisement	20,000	By Commission	20,000

3 **66431/KD23C/KB23C**

4 **66431/KD23C/KB23C**

[P.T.O.]

Particulars	Rs.	Particulars	Rs.
To General expenses	7,000	By Bad debts recovered	10,000
To Depreciation	3,000	(not allowed earlier)	
To Donation	2,000		
To Wealth tax	3,000		
To Sales tax (due)	10,000		
To Net Profit	<u>1,25,000</u>		
	<u>1,90,000</u>		<u>1,90,000</u>

Other Information:

- Salary includes proprietor salary of Rs. 3,000
 - General expenses include Rs. 2,000 incurred by the assessee for defending a criminal case against business.
 - Advertisement expenses include one neon sign board costing Rs. 1,000
 - Sales tax is paid on 1.5.2023. The due date of furnishing return of income is 31.08.23
 - Depreciations permissible is Rs. 2,000 including neon sign board.
21. Mr. Prabhakaran has furnished the following particulars of his income for the previous year. Compute his gross total income.
- Income from salary 1,10,000
 - Income from Hose property (computed) 15,000

5 66431/KD23C/KB23C

24. Analyse the circumstances, the income of other persons is included in the total income of an assessee.

25. How transfer pricing works? Explain.

- Profit from medical business 1,20,000
- Speculative income 8,000
- Long term capital gain 20,000
- Short term capital gain 7,000
- Share of profit from firm 9,000
- Current year's depreciation 4,000
- LTCG on shares on which STT has been paid 22,000

Brought forward losses from previous year: 2021-22

- Unabsorbed depreciation 6000
- Speculative loss 10,000
- Long term capital loss 15,000
- Short term capital loss 4,000

22. Discuss about bond washing transactions.

23. Mr. Murali (52 years) is a resident individual, furnished the following particulars relating to the previous year. His taxable business income is Rs. 4,50,000. He has short-term business income of Rs. 26,00,000 (w/s 111A). He has a royalty income of Rs. 50,000. However, it is deductible under section 80QQB. During the year, he has contributed Rs. 1,50,000 towards PPF and Rs. 80,000 towards NPS. Ascertain his total income, tax liability.

6 66431/KD23C/KB23C

7 66431/KD23C/KB23C