

**CARMEL COLLEGE OF ARTS, SCIENCE & COMMERCE FOR WOMEN,
SEMESTER END EXAMINATION, JULY 2021**

Semester: IV Name of the Course: INCOME TAX (DIRECT TAX) (CC13)
Course Code : UCOC109

Total marks: 40 Date: 10/7/2021 Duration: 2 HOURS

Instructions : i) Answer **any 4** questions.
 ii) Show important **working notes** as **fair** work.
 iii) Figures to the **right** indicate **marks** allotted.
 iv) All **short notes** to be answered with reference to **Income Tax Act, 1961**.

Q 1. A] Mr. Vaibhav, a non-resident, is engaged in the business of construction of bridges. His gross receipts from this business during 2019-20 amount to Rs. 1,34,20,000 out of which Rs. 34,20,000 is received by account payee cheques/net banking. Business expenses are as follows: [5]

Cost of materials used for construction	95,12,000
Salary to employees	1,08,000
Depreciation admissible u/s 32	1,14,000
Other incidental expenses	50,900

From the above information determine his income under section 44AD.

B] Mr. Savio, a resident in India, has made donations to the following Funds/ Organizations during the financial year 2019-20: [5]

	Rs.
i) Prime Minister's National Relief Fund	5,000
ii) Zila Saksharata Samiti	8,000
iii) Rajiv Gandhi Foundation	12,000
iv) The National Illness Assistance Fund	6,000
v) Blankets to flood victims of Assam through an approved NGO	20,000
vi) A notified temple for renovation	35,000

His Gross Total Income for the year 2019-20 is Rs. 4,20,000 and he is eligible for deduction of Rs. 75,000 u/s 80U, Rs. 10,000 u/s 80TTA and 15,000 u/s 80E.

Compute the amount of Deduction u/s 80G for the assessment year 2020-21.

- Q 2.** Mr. Sanjay, aged 52 years, working for a private firm gives the particulars of his income for the year ending 31st March, 2020. **[10]**

	Rs.
Salary	3,00,000
Dearness Allowance	50,000
Bonus declared	20,000
Employer's contribution to Recognised Provident Fund (Mr. Rohit also contributes an equal amount to his Recognised Provident Fund)	46,350
Interest Credited to Recognised Provident fund @ 16%	20,000
Allowance for holiday trip	2,525
Research Allowance of Mr. Rohit (Actual Expenditure is Rs. 5,000)	7,000
House Rent Allowance [exempt u/s 10(13A) Rs. 2,000]	18,000

Mr. Sanjay paid Rs.11,200 under an annuity pension plan to Life Insurance Corporation for receiving pension. Compute his taxable income and tax liability for the assessment year 2020-21.

- Q 3.** Mr. Cesar aged 62 years and 40% disabled runs a family owned business. **[10]**
Following is the P & L Account of for the year ending 31st March 2020:

Particulars	Rs.	Particulars	Rs.
To Opening Stock	55,000	By Sales	1,04,68,000
To Purchases	91,45,000	By Closing Stock	4,55,000
To Freight	45,450	By Discount	7,000
To Electricity charges	29,450	By, Dividend received	5,000
To Salaries	1,36,000	By, Income from UTI	3,000
To Telephone Expenses	56,400		
To Computer stationary	29,200		
To Motor Car expenses	35,200		
To General Expenses	13,800		
To Int. on Bank Loan	45,600		
To GST paid	18,400		
To Advance Tax	5,000		
To Bad debts	12,000		
To Provision for Bad Debts	6,700		
To Depreciation on fixed assets	38,600		
To Net Profit	12,66,200		
	1,09,38,000		1,09,38,000

Additional information:

- 1) 30% of the Telephone Expenses were considered for personal purpose.
- 2) Computer stationary includes Rs. 12,000 for personal use.
- 3) General expenses include income tax of Rs. 5,000.
- 4) Purchases include Rs. 50,000 paid in cash.

Mr. Cesar has paid medical insurance of Rs. 55,000 during the year. Compute his taxable income and tax liability for the assessment year 2020-21.

Q 4. Write short notes on the following: **[2 x 5 = 10]**

- a. Give the tests of residence including ordinary residence in case of an individual.
- b. Amount received on maturity of Life Insurance Policy u/s 10(10D).

Q 5. Write short notes on the following: **[2 x 5 = 10]**

- a. Deduction for Entertainment Allowance u/s 16(ii).
- b. Deduction on actual payment basis u/ 43B.

Q 6. Write short notes on the following: **[2 x 5 = 10]**

- a. Deduction u/s 80E.
- b. Deduction u/s 80CCD.
