

PARUL UNIVERSITY
FACULTY OF COMMERCE
B.Com.(Hons) Summer 2022 – 23 Examination

Semester: 4
Subject Code: 16100251
Subject Name: Fundamentals of Taxation

Date: 13/03/2023
Time: 10:30am to 01:00pm
Total Marks: 60

Instructions:

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

Q.1 Do as directed.**A) Multiple choice type questions. (Each of one mark)****(06)**

1. Vacant site lease rent is taxable as

a) Income from house property	b) Business income or income from house property, as the case may be
c) Income from other sources or business income, as the case may be	d) Income from other sources or income from house property, as the case may be

2. The ceiling limit of deduction under section 24(b) in respect of interest on loan taken on 1.4.2020 for repairs of a self-occupied house is

a) Rs. 30,000 p.a.	b) Rs. 1,50,000 p.a
c) Rs. 2,00,000 p.a	d) Rs. No limit

3. The rate of tax applicable to a firm for A.Y. 2022-23 is -

a) 25%	b) 30%
c) 35%	d) 40%

4. Treatment of unrealized rent for determining income from house property:

a) To be deducted under section 24 from annual value	b) To be deducted from expected rent
c) To be deducted from both expected rent and actual rent	d) To be deducted from actual rent

5. In case of a domestic company whose gross receipts for the P.Y. 2021-22 is Rs.51 crores, the rate of tax applicable is -

a) 29%	b) 25%
c) 30%	d) None of the above

6. The surcharge applicable in the case of an individual is -

a) 10% of tax payable if total income exceeds Rs.50 lakhs but does not exceed Rs.1 crore	b) 10% of tax payable if total income exceeds Rs. 1 crore
c) 15% of tax payable if total income exceeds Rs. 1 crore	d) Both (a) and (c), as the case may be.

B) Definitions / One-liners / Terms. (Each of one mark)**(06)**

1. What do you mean by "Composite Rent"?
2. Rajesh, a British national, is a resident and ordinarily resident in India during the P.Y. 2018-19. He owns a house in London, which he has let out at £ 10,000 p.m. The municipal taxes paid to the Municipal Corporation of London is £ 8,000 during the P.Y. 2018-19. The value of one £ in Indian rupee to be taken at Rs.92.50. Compute Rajesh's Net Annual Value of the property for the A.Y. 2022-23.
3. There are two deductions from Net annual value. Which are they?
4. What do you mean by assessment?
5. Name the two schools of Hindu Law.
6. A is running a business from 1993 onwards. Determine the previous year for the assessment year 2022-23.

Q.2 Answer the following: (Each of 04 mark)**(12)**

1. Mr. X aged 40 years has a total income of Rs.12, 00,000 comprising of his salary income and interest on fixed deposit. Compute his tax liability.
2. A co-operative society has a total income of Rs. 2, 50,600 in the previous year 2017-18. Compute its tax liability for the A. Y. 2018-19.
3. Mr. Z aged 89 years has a total income of Rs.12, 90,700. Compute his tax liability.

Q.3 Answer the following. (Any Three)**(18)**

1. Jayashree owns five houses in Chennai, all of which are let-out. Compute the GAV of each house from the information given below –

Particulars	House I	House II	House III	House IV	House V	House VI
Municipal Value (Rs.)	80,000	55,000	65,000	24,000	80,000	1,50,000
Fair Rent (Rs.)	90,000	60,000	65,000	25,000	75,000	1,35,000
Standard Rent (Rs.)	N.A.	75,000	58,000	N.A.	78,000	1,45,000
Actual rent received/ receivable (Rs.)	72,000	72,000	60,000	30,000	72,000	1,20,000

Please show your calculations.

2. In how many heads can the income be classified? Write a brief note on each head.
3. Write the meaning of Assessee as per Section 2(7).
4. Write a short note on “Person” as per Section 2(31).

Q.4 Answer the following. (Any two)**(18)**

1. Compute the tax liability of Mr. A (aged 42), having total income of Rs.1,01,00,000 for the Assessment Year 2022-23. Assume that his total income comprises of “Salary income”, “Income under the head house property” and “Interest from fixed deposit Account”.
2. Ganesh has two houses, both of which are self-occupied. The particulars of the houses for the P.Y. 2018-19 are as under:

Particulars	House I	House II
Municipal valuation p.a.	Rs.1,00,000	Rs.1,50,000
Fair rent p.a.	Rs.75,000	Rs.1,75,000
Standard rent p.a.	Rs.90,000	Rs.1,60,000
Date of completion	31.3.1999	31.3.2001
Municipal taxes paid during the year	12%	8%
Interest on money borrowed for repair of property during the current year	-	55,000

Compute Ganesh’s income from house property for A.Y.2022-23 and suggest which house should be opted by Ganesh to be assessed as self-occupied so that his tax liability is minimum.

3. Smt. Rajalakshmi owns a house property at Adyar in Chennai. The municipal value of the property is Rs.5,00,000, fair rent is Rs.4,20,000 and standard rent is Rs.4,80,000. The property was let-out for Rs.50,000 p.m. up to December 2018. Thereafter, the tenant vacated the property and Smt. Rajalakshmi used the house for self- occupation. Rent for the months of November and December 2018 could not be realised in spite of the owner’s efforts. All the conditions prescribed under Rule 4 are satisfied. She paid municipal taxes @12% during the year. She had paid interest of Rs.25,000 during the year for amount borrowed for repairs for the house property. Compute her income from house property for the A.Y. 2022-23.