

Anekant Education Society's  
**Tuljaram Chaturchand College of Arts, Science and Commerce, Baramati**  
**(Autonomous)**  
**Class: Diploma in Taxation Laws (Term –I)**  
**Subject: Income Tax (Paper Code: PGDTL-102)**

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**QUESTION BANK**

**Q. 1) Choose the appropriate answer from the following and fill in the banks**

- 1) The constitution of India empowers \_\_\_\_\_ to levy tax on income
  - (a) State Government
  - (b) Central Government
  - (c) Parliament
  - (d) Finance Minister
- 2) Income tax is a tax on \_\_\_\_\_.
  - (a) Income
  - (b) Profit
  - (c) Turnover
  - (d) Expenditure
- 3) The Income Tax Act, 1961 has 298 \_\_\_\_\_.
  - (a) Sections
  - (b) Sub-sections
  - (c) Clauses
  - (d) Sub-clauses
- 4) The \_\_\_\_\_ makes the amendment in the form of omissions, insertions and substitutions in the Income Tax Act.
  - (a) Finance Bill
  - (b) Finance Minister
  - (c) Finance Act
  - (d) Parliament
- 5) The Income Tax Act extends to \_\_\_\_\_ of India.
  - (a) States
  - (b) Union Territories
  - (c) Citizens
  - (d) Whole
- 6) Gross tax liability is calculated on \_\_\_\_\_.
  - (a) Gross total income
  - (b) Net taxable income
  - (c) Income
  - (d) Salary
- 7) The term HUF stands for \_\_\_\_\_.
  - (a) Hindu Unified family
  - (b) Human Undivided family
  - (c) Hindu Undivided family
  - (d) Human Uniform Family
- 8) Residential has nothing to do with \_\_\_\_\_.
  - (a) Constitution
  - (b) Citizenship
  - (c) Censorship
  - (d) Change
- 9) AOP is the abbreviation used for \_\_\_\_\_.
  - (a) Association of Persons
  - (b) Association of Professors
  - (c) Association of Panchayat
  - (d) Non of the above
- 10) AOP should consist of \_\_\_\_\_.
  - (a) Individual only
  - (b) Person other than individual also
  - (c) None of the above
  - (d) Both of the above

- 11) Body of individual should consist of \_\_\_\_\_.
- (a) Individual only                      (b) Person other than individual only  
(c) Both of the above                      (d) None of the above
- 12) Residential status of an individual depends on the stay of the assessee in India during the \_\_\_\_\_ year.
- (a) Calendar year                      (b) Accounting year  
(c) Assessment year                      (d) Previous year
- 13) A person by whom any tax is payable under Income Tax Act 1961 is called \_\_\_\_\_.
- (a) Individual                      (b) Tax receiver  
(c) Assessee                      (d) None of the above
- 14) The financial year in which the income is earned is called as the \_\_\_\_\_.
- (a) Assessment year                      (b) Present year  
(c) Previous year                      (d) Current year
- 15) A Company is always resident in India \_\_\_\_\_.
- (a) Industrial                      (b) Individual  
(c) Indian                      (d) Investment
- 16) Income Tax Act extends to \_\_\_\_\_.
- (a) Whole of India                      (b) Whole of India except J & K  
(c) India & Sir Lanka                      (d) None of these
- 17) Shivaji University is assessable under the Income Tax Act as \_\_\_\_\_.
- (a) An individual                      (b) An artificial juridical person  
(c) A local authority                      (d) None of these
- 18) Income Tax Act has \_\_\_\_\_ schedules.
- (a) 23                      (b) 14                      (c) 298                      (d) 40
- 19) \_\_\_\_\_ are definite, specific, complete and full.
- (a) Exhaustive definition                      (b) Inclusive definition  
(c) Sections                      (d) Clauses
- 20) A firm is regarded as a unit of assessment as per \_\_\_\_\_.
- (a) Income Tax                      (b) Partnership Act  
(c) Companies Act                      (d) Finance Act
- 21) \_\_\_\_\_ is chargeable u/s 45.
- (a) Capital gains                      (b) Voluntary contribution  
(c) Capital gains                      (d) All of the above
- 22) Any sum of money received in excess of \_\_\_\_\_ without consideration is chargeable to tax.
- (a) ₹.5,000/-                      (b) ₹.5,00,000/-                      (c) ₹.50,000/-                      (d) ₹.55,000/-



- 16) Person includes a natural human being and also includes \_\_\_\_\_ or a person of \_\_\_\_\_.
- 17) Previous year of a newly setup business can be of \_\_\_\_\_ 12 months.
- 18) A period of 12 months from on 1<sup>st</sup> day of April every year called as an \_\_\_\_\_ year.
  
- 19) \_\_\_\_\_ of the Income Tax Act, 1961 gives the definition of various terms.
- 20) \_\_\_\_\_ provides scope for interpretation.
- 21) Income should be real and not \_\_\_\_\_.
- 22) Income can be on \_\_\_\_\_ and \_\_\_\_\_ basis.
- 23) Non-compete agreements are also called \_\_\_\_\_.
- 24) \_\_\_\_\_ received by a professional sportsman is an income.
- 25) Loss is to be taken as \_\_\_\_\_.
- 26) \_\_\_\_\_ gifts are not chargeable to tax.
- 27) Income is expected to be a \_\_\_\_\_.
- 28) \_\_\_\_\_ is chargeable u/s 45.
- 29) A person by whom a tax is payable under the act is called \_\_\_\_\_.

### **Q.3) Write Short Notes**

- 1) Person
- 2) Assessee
- 3) Previous Year
- 4) Assessment year
- 5) Gratuity
- 6) Residential Status of an Individual
- 7) Residential Status of Firm and Company
- 8) Annual Value of House Properly
- 9) Encashment of Leave Salary
- 10) Commutation of Pension
- 11) Short term capital gain
- 12) Long term capital gain
- 13) Difference between Capital Expenditure and Revenue Expenditure.
- 14) Difference between Capital Income and Revenue Income.
- 15) Clubbing of income

- 16) Deduction under section 16 from gross salary
- 17) Deduction under section 24 for house property
- 18) Agriculture Income
- 19) Expenditure on Scientific Research (Section 35)
- 20) Amortization of Preliminary Expenses (Section 35D)
- 21) Cost of Acquisition
- 22) Indexed Cost of Acquisition
- 23) Cost of Improvement
- 24) Indexed Cost of Improvement
- 25) Standard Deduction U/s. 57 for Family Pension
- 26) Deduction from gross total income u/s 80C
- 27) Deduction u/s 80G for Donation
- 28) Deduction u/s 80U
- 29) Deduction u/s 80D
- 30) Deduction u/s 80TTA and 80TTB

#### **Q.4) Long Answer Questions**

- 1) Explain the meaning of previous year. What would be the previous year for the new business started during the financial year? Explain with examples.
- 2) Define the term 'Income'. Distinguish between Gross Total Income and Total Income.
- 3) What are the provisions regarding residential status under IT Act, 1961?
- 4) Enumerate any ten items of income which do not form part of Total Income.
- 5) What incomes are taxable under the head 'Salaries'?
- 6) What is the meaning of perquisites? Explain tax free perquisites.
- 7) Discuss the rules of income tax Act for valuing the following perquisites:
  - a) Rent free furnished accommodation
  - b) Free gas, electricity and water
  - c) Free domestic servants
- 8) What are the provisions of Income Tax Act regarding the following:
  - a) Commutation of Pension
  - b) Encashment of Earned Leave

- 9) What is mean by Annual Value? How is it determined?
- 10) What are the expenditures which are specifically disallowed while computing business income?
- 11) What is Capital Gain? What are the kinds of Capital Gain?
- 12) What are the exemptions for capital gain arising on transfer of asset?
- 13) Enumerate at least ten items of income which can be included under the head 'Income from Other Sources'.
- 14) Which deductions are allowed in computing taxable income under the head 'Income from Other Sources'? Explain.
- 15) What are the provisions for inclusion of minor child and the wife of an assessee in his total income?
- 16) Explain the provisions of Income Tax Act regarding the set off and carry forward of losses under different heads of income.
- 17) Discuss the provisions regarding deductions allowable to an assessee under Chapter VI-A.
- 18) Discuss in details the provisions regarding the set off and carry forward of losses relating to short term and long term capital losses.
- 19) Discuss the provisions regarding following deductions:
  - a) Deduction in case of a person with disability (Section 80U)
  - b) Deduction in respect of interest on saving accounts (Section 80TTA)
  - c) Deduction in respect of Medical Insurance Premium (Section 80D)
- 20) Explain the provisions regarding deductions in respect of interest on loan taken for:
  - a) Pursuing higher education (Section 80E)
  - b) Residential house property (Section 80EE)
- 21) Discuss in brief, the deductions available to an individual from gross total income.

### **Practical Problems**

- 22) Kiran received the following gifts during the year ending 31.03.2020:
  - a) Rs. 40,000 from her elder sister.
  - b) Rs. 60,000 from the daughter of her elder sister.
  - c) Rs.1,25,000 from various friends on the occasion of her marriage.Discuss the taxability or otherwise of these gifts in the hands of Kiran.

- 23)** Discuss the taxability or otherwise of the following gifts received by Mr. Hira, an individual, during the Financial Year 2019-20:
- Rs. 25,000 each from his four friends on the occasion of his birthday.
  - Wrist watch valued at Rs. 40,000 from his friend.
- 24)** Mr. A gifts Rs. 4,00,000 to Mrs. A 1<sup>st</sup> February 2019. Mrs. A starts crockery business and invests Rs. 1,00,000 from her account also. She earns profit of Rs. 60,000 during the period ending on 31<sup>st</sup> March 2020.
- How would you tax the business profits?
- 25)** Mr. A discloses the following incomes from business or profession for the previous year:
- Profit from X business Rs.6,00,000
  - Loss from Y business Rs.2,00,000
  - Loss from profession Z Rs.2,50,000
  - Profit from speculation business – M Rs.2,00,000
  - Loss from speculation business – N Rs.3,00,000
- Determine the income from business or profession for the assessment year 2020-21.
- 26)** D has earned income of ₹ 5,60,000 from speculation business during the. However, he has suffered losses in business and profession ₹ 3,20,000 and ₹ 1,70,000, respectively during the same period. Determine his income from business profession for the A.Y. 2020-21.
- 27)** Mr. Zagade is an employee of ABC Pvt. Ltd. Pune. He has given the following details of his income during the year 2019-20.
- Basic Salary Rs.18,000 p.m.
  - Dearness Allowance (60% applicable for retirement benefit) Rs.10,000 p.m.
  - Children Education Allowance Rs.120 p.m. per child for two children.
  - Hostel Allowance Rs.350 p.m. for one child.
  - Entertainment allowance Rs.150 p.m.
  - House Rent Allowance Rs.4,500 p.m. (He has paid house rent Rs.3,000 p.m.)
  - Traveling allowance Rs.2,000 (Actual expenditure Rs.1700)
  - He contributed to his Recognized Provided Fund amounting to Rs.32,600 and the matching contribution was met by the company.
  - Interest credited to R.P.F. @ 12% p.a. is Rs.24,000.
  - He paid professional tax Rs.2,500 during the year.
- Compute his taxable income from salary for the assessment year 2020-21.

**28)** Mr. Suresh Phule is an employee of a well known private limited company at Pune. He received the following income from that company during the year previous year 2019-20.

- Basic Salary Rs.21,300 p.m.
- Dearness Allowance (50% applicable for retirement benefit) Rs.12,000 p.m.
- Conveyance Allowance Rs.6,800.
- Children Education Allowance Rs.90 p.m. per child for three children.
- He contributed to his Statutory Provided Fund amounting to Rs.12,000 and the matching contribution was met by the company to the same fund.
- Interest credited to S.P.F. @ 8% p.a. is Rs.8,000.
- Company has provided car, having capacity 1400cc, for both official as well as private purpose. The car is owned by the employer and all the expenses are met by the company.
- Free Telephone facility provided by the company at residence of Rs.3600.
- On 15<sup>th</sup> March 2020 Mr. Suresh purchased jewellery for his wife costing Rs.52,000. The payment is made through credit card of the company.
- Free holiday home facility at Simla (Expenditure incurred Rs.12,000)
- He paid professional tax Rs.200 p.m.

Compute the taxable income from salary for the assessment year 2020-21.

**29)** Mr. Ravi Masal was appointed as the Branch Manager of a company at Pune. He receives basic salary Rs.18,000 p.m. up to 31<sup>st</sup> December 2019 and thereafter it was increased by Rs.1,000 p.m. He also receives 70% of his basic pay as dearness allowance. He has also receives the following allowances:

- Cash allowance Rs.2,000 up to 30<sup>th</sup> November 2019
- Conveyance allowance Rs.900 p.m. from 1<sup>st</sup> December 2019, which is fully utilized for office.
- Fixed medical allowance Rs.300 p.m.
- Uniform allowance Rs.1,700
- Family allowance Rs.5,000

The Company has given him a rent-free residential house. The fair rent of the house is Rs.1,00,000 p.a. The company had purchased video camera for Rs.1,00,000 on 1<sup>st</sup> January 2016 which Mr. Ravi has been using for his personal purposes since then. The camera was sold to Mr. Ravi for Rs.32,000 on 1<sup>st</sup> January 2020.

Compute taxable income from salary for the assessment year 2020-21 assuming that he paid professional tax of Rs.2,400.

**30)** Mr. Narendra (Indian Citizen) is an employee of the Government of India. He was transferred to America in Indian High Commission on 10<sup>th</sup> August 2017 and during the previous year 2019-20 he did not come to India at all. He gives the following details of his income:

- Basic Salary Rs.25,000 p.m.
- Foreign Allowance Rs. 35,000 p.m.
- Education allowance Rs.10,000 p.m. for his son, who was studying in American School of Economics.
- He has been provided with rent free furnished accommodation at America. The cost of furniture provided is Rs.1,50,000.
- He has also been provided with the services of a watchman, gardener and sweeper in America. The salary of each being Rs.5,000 p.m.
- He was provided with car, having capacity 18HP, for official as well as personal purpose.

Compute the taxable income from salary for the assessment year 2020-21.

**31)** Mr. Giriraj, a director of TMIPL Company, New Delhi receives the following emoluments from the institute during the previous year 2019-20:

- Basic salary Rs.36,000 p.m.
- Profit Bonus Rs.18,000 & D.A Rs.12,000 p.m. [enters into retirement benefit]
- Commission on sales at 2% of turnover of Rs.1.85 Crore
- Advance salary for the month of April 2020 to July 2020 - Rs.36,000 p.m.
- Employers contribution towards RPF - Rs.18,000 and Interest credited at 13% as Rs.13,000.
- A rent free furnished house (Rent of unfurnished house paid by employer Rs.84,000 + Rent of furniture Rs.18,000)
- He has 2 children, studying in school run by the employer. The cost of education in similar institution per student is Rs.1,200 p.a.
- Electricity bill paid by employer Rs.3,000 p.a.
- He was given a gift worth Rs.5,000 by employer on his birthday.
- He has been provided 1800cc car for both official as well as private purposes. All the running & maintenance expenses of car are paid by the company.
- Reimbursement of Club Subscription Rs.2,500.
- He is provided with free meal facility during working days (90 meals at Rs.70 each)
- He received Rs.17,000 by way of reimbursement of the medical bill by the employer.

Compute his taxable income from salary assuming He paid Professional Tax Rs. 2,500 p.a.

32) Mr. Z owns two houses. The relevant details are as follows:

Particulars	House I	House II
Nature	Let out	Self Occupied
Rent per month	Rs.18,000	Rs.15,000
Municipal valuation	Rs.1,90,000	Rs.1,60,000
Standard rent	Rs.2,00,000	Rs.1,55,000
Rent of let out period	Rs.1,62,000	Rs.45,000
Municipal taxes paid	Rs.22,000	Rs.18,000
Interest on borrowed capital	Rs.40,000	Rs.46,000

Calculate income from house property for the assessment year 2020-21.

33) Mr. Kisan submits the following information for the assessment year 2020-21:

Property Income	House-A	House-B
Nature of occupation	Let out for residence	Let out for business
Municipal valuation	1,35,000	1,80,000
Fair Rent	1,40,000	1,78,000
Standard Rent as per rent control Act	1,32,000	1,72,000
Rent received	1,38,000	1,68,000
Municipal taxes paid by Krishna	--	14,000
Municipal taxes paid by tenant	12,500	--
Insurance premium paid	1,500	2,000
Interest on loan for construction of the house	31,800	51,400
Ground rent received	1,200	--

Determine the taxable income from house property for the A.Y. 2020-21.

34) Mrs. A owns three houses, the particulars of which are given below:

Property Income	House-A	House-B	House-C
Municipal valuation	1,05,000	1,80,000	1,90,000
Fair Rent	1,10,000	1,68,000	1,98,000
Standard Rent as per rent control Act	1,12,000	1,62,000	--
Monthly Rent	9,000	14,000	16,000
Municipal taxes paid by Mrs. A	--	14,000	20,000
Municipal taxes paid by tenant	12,500	--	--
Ground rent received	1,200	--	--
Used by tenant	For residence	For office	For residence
Rent collection charges	2,000	2,500	1,200
<u>Interest on loan :</u>			
- For construction and repairs	35,200	--	32,680
- For marriage of son		23,000	
Commencement of construction	04.04.2009	04.01.2009	04.07.2010
Completion of construction	31.08.2013	30.09.2014	30.07.2016

House-C remained vacant for 3 months. Compute income from house property for the A.Y. 2020-21.

35) Amit owns a house, whose Municipal valuation is Rs.95,000 and the fair rent is Rs.1,03,200. During the previous year, the house is let out for residential purposes w.e.f. 1<sup>st</sup> April, 2019 to 30<sup>th</sup> June, 2019 at the rate of Rs.6,000 per month and self-occupied for residential purposes for the remaining part of the year. He incurred the following expenses in respect of this house:

Municipal taxes Rs.8,000, Ground rent Rs.5,000 and Fire Insurance Premium Rs.1,000. A loan of Rs.1,00,000 was taken on 1<sup>st</sup> April, 2016 at the rate of 10% per annum for the construction of the house which was completed on 1<sup>st</sup> January, 2019. No part of the loan has been repaid so far.

Compute his income from house property for the Assessment year 2020-21.

36) Mr. Rajaram, proprietor of R and Co. provides you the following information for the year ended 31<sup>st</sup> March 2020.

**Profit and Loss A/c**

Particulars	₹	Particulars	₹
To Salaries	1,50,000	By Gross Profit	5,07,000
To Bad Debts Written off	10,000	By Income Tax Refund	18,000
To Printing expenses	11,000	(Including interest Rs. 2,000)	40,000
To Conveyance	30,000	By UTI Dividend	10,000
To General expenses	43,000	By Gift from a Friend	
To Sales Tax Penalty	9,000		
To Fire Insurance Premium	4,000		
To Wealth Tax	6,000		
To Depreciation	20,000		
To Repairs and Maintenance	8,000		
To Net Profit	2,84,000		
	<b>5,75,000</b>		<b>5,75,000</b>

**Additional Information:**

- Depreciation as per Income Tax Rules ₹.22,000/-.
- General expenses include payment of labor charges for business Rs. 23,000 paid in cash.
- Salaries include salary to proprietor ₹.48,000/-.
- Printing expenses include ₹.8,000/- for printing of marriage invitation cards for his son.
- He paid tuition fees to a school of ₹.15,000/- for his school going daughter.
- He paid interest of ₹.45,000/- on education loan taken from Bank of India for his son, pursuing post-graduate degree in medicine from University of Mumbai.

You are required to compute his Total Taxable Income for the Assessment Year 2020-21.

37) Following is the Receipts and Payments Account of Shri Manoj, Chartered Accountant for the year 31<sup>st</sup> March 2020. He maintains his accounts on cash basis.

**Receipt and Payment Account**

Receipts	₹	Payments	₹
To Opening Balance	69,000	By Motor Car Expenses	24,400
To Consultation Fees	2,10,000	By Staff Salaries	36,000
To Audit Fees	3,20,000	By Donations	20,000
To Gift from Client	10,000	By Books Purchased	15,000
To Gift form Father	5,000	By Computer Purchased	18,000
To Honorarium for lectures given in Mumbai University	12,000	By Stationery	22,000
To Royalty from book published	18,000	By Income Tax	9,000
To Bank Interest	2,250	By Goods & Service Tax	4,000
To Loan borrowed for	15,000	By Gift to Wife	50,000
		By Son's Expenses	29,000
		By House Furniture purchased	1,25,000
		By Municipal Tax of House	3,350
		By Gift given to IT Officer	5,000
		By Sundry Expenses	9,000
		By Closing Balance	2,91,500
	<b>6,61,250</b>		<b>6,61,250</b>

**Additional Information:**

- One fourth of motor car expenses relate to his personal use.
- W.D.V. of motor car as on 1<sup>st</sup> April, 2019 is Rs. 2,05,000. Rate of Depreciation on Motor Car is 20% p.a., as per Income Tax Rules.
- W. D.V. of computer as on 1<sup>st</sup> April, 2019 is Rs. 46,000. The new computer was purchased on 18<sup>th</sup> October, 2019. The rate of Depreciation on Computer is 60% p.a. as per Income Tax Rules.
- Sundry expenses include Rs.290 paid to United India Insurance Co. Ltd. for Personal Accident insurance.
- Son's expenses include Rs.2,250 school tuition fees and the balance for taking out a L.I.C. policy for his son who has severe disability.

Compute Net Taxable Income for Assessment Year 2020-21.

38) Ashwin owns a residential house which is self-occupied and also a house plot. He sells the house on 31.1.2020 and the house plot on 15.2.2020 for Rs.7,50,000 and Rs.5,00,000 respectively. The house was purchased on 15.1.2003 for Rs.4,00,000 and the plot on 30.3.2003 for Rs.2,00,000. Ashwin has purchased a new residential house on 25.4.2020 for Rs.10,00,000. Compute the income under the head Capital Gain.

**39)** On 5<sup>th</sup> November 2019, X sold his entire holding of gold for Rs.22,50,000. He had acquired the gold in July 1994 for Rs.3,64,000. On 21.5.19 and 31.12.08, he purchased a residential house for Rs.7,00,000 and bonds of the NHAI for Rs.1,00,000. Determine taxable capital gains in his case if on the date of sale of gold, he already owned:

- a) two residential houses, including the one purchased within a year before transfer of gold;
- b) three residential houses, including the one purchased within a year before sale of gold.

**40)** Mukund is a shareholder in Cell Ltd. He acquired 300 shares of the company of the face value of Rs.50 per share in 1997. The market value of the shares as on 1<sup>st</sup> April, 2001 was Rs.100 per share. He made a further purchase of 200 shares at the rate of Rs.150/- per share in 2002-03. Cell Ltd. issued bonus shares in 2004-05 in the proportion of 1:4. In December 2019 Toi Ltd., another company, in a scheme of amalgamation made a proposal to acquire the shares of Cell Ltd. and made the following offer to the shareholders of Cell Ltd. Rs.100 per share in cash plus 1 share in Toi Ltd for every 2 shares of Cell Ltd. The market value of the shares of Toi Ltd. on the date of the offer is Rs.600 per share.

What is the capital gain, if any, arising to Mukund, if he accepts the offer?

**41)** M sold gold ornaments on 16-7-19 for a sum of Rs. 10,00,000. This gold was purchased in 1999 for Rs.60,000 by his father. The FMV of the gold as on 1-4-2001 was Rs.1,00,000. His father gifted the gold to M on 14-7-19. He spent Rs. 2,00,000 till 31-7-19 (the due date for filing of the return) on construction of a house property and deposited Rs. 5,00,000 before 31-7-2020 under capital gain scheme and a further sum of Rs. 1,50,000 on 31-8-20. He withdrew a sum of Rs.4,00,000 for construction of the house property till the stipulated time. Compute the Capital Gain for various relevant assessment years.

**42)** R acquired shares of G Ltd., on 15-12-2001 for Rs. 5,00,000 which were sold on 15-5-2019 for Rs. 13,00,000. Expenses of transfer were Rs. 20,000. He invests Rs. 6,00,000 in the bonds of NHAI on 16-10-2019.

Compute the capital gain for the assessment year 2020-21.

**43)** R owned 5 acres of agricultural land within the city limits of Guntur which he had purchased on 1<sup>st</sup> October, 2008 for Rs.5,00,000. On 1<sup>st</sup> October, 2019 he sold the land for Rs.50,00,000. On 1<sup>st</sup> January, 2020, he purchased a coffee estate for Rs.20,00,000. This estate is situated in a remote village and the nearest town is about 20 kilometers away from the estate. On 28<sup>th</sup> February, 2021, he sold the estate for Rs.35,00,000.

Compute the Capital Gains for the assessment years 2020-21 and 2021-22.

44) ABC Ltd. purchased a building for an industrial undertaking on 1-1-2007 for Rs. 4,00,000. Prior to this the company had taken this building on rent for the last two years and was using it for its industrial activities. There is no other building in the block. This property was compulsorily acquired by the State Government on 14-8-2019 and a compensation of Rs. 5,00,000 was given to the company on 21-3-2020. The company purchased another building for shifting its industrial undertaking for 3,00,000 on 15-10-2020.

Compute the capital gains for the A.Y. 2020-21. (Assume dep. Rate - 15%).

45) G sold a residential house on 28-6-2019 for Rs.10,00,000. He had purchased this house on 1-10-2008 for Rs.1,20,000 and he spend Rs.70,000 on improvement of the house during the year 2009-10. He purchased a new house on 21-10-2019 for Rs. 3,00,000. This house was also sold by him on 16-7-2020 for Rs. 6,00,000. He purchased another house on 21-11-2020 for Rs.8,00,000.

Compute the Capital Gain for the A.Y.20-21 and 2021-22.

46) Mr. Praveen Kumar (aged 59 years) having gross total income of Rs.27,50,000 during previous year 2019-20 incurred expenditure of Rs.1,30,000 during the said year on medical treatment of his dependant father (aged 80 years) who is suffering from chronic disease specified in section 80DDB of the Income-tax Act and also paid medical insurance premium of Rs.26,000.

Determine total income of Mr. Praveen Kumar for Assessment Year 2020-21.

47) Determine the total income of Mr. Raman from the following details for the Assessment Year 2020-21:

- Loss from house property Rs.3.20 Lakhs
- Income from salary Rs.2.20 Lakhs
- Income from non-speculation business Rs.1.60 Lakhs
- Loss from speculation business Rs.5.40 Lakhs
- Long-term capital gain from sale of land Rs.2.40 Lakhs
- Long-term capital gain from sale of listed shares Rs.1.80 Lakhs
- Short-term capital loss from sale of listed shares Rs.2.80 Lakhs
- Family pension received Rs.2.20 Lakhs
- Lottery winnings (net of TDS) Rs.2.10 Lakhs
- Lottery tickets purchased Rs.0.30 Lakhs

Show clearly the items to be carried forward and those which cannot be carried forward.

48) Mr. Nilesh is the owner of M/s Nilesh Power Laundry. He provides you the following information for the previous year ended on 31<sup>st</sup> March, 2020:

- a) Income from business Rs.67,500/-
- b) Rs.13,500/- were recovered from cashier which was allowed as business expenditure being embezzlement of cash in earlier previous year. This was not accounted in the books of M/s Nilesh Power Laundry.
- c) Mr. Nilesh took Pushapak Bhavan on rent of Rs.1,000/- p.m. He sublet this property to Mr. Sanjay at Rs.1,500 p.m. w.e.f. 1<sup>st</sup> April 2019.
- d) Accrued interest on fixed deposit with Saraswat Co-operative Bank Ltd. Rs. 8,500/-
- e) Interest on fixed deposits with BWM Toyota Pvt. Ltd. Rs. 7,500/- (Gross) TDS Rs.750.
- f) Directorship fees from Sumangal Chemicals Rs. 3,000/-
- g) Interest on debentures amounted to Rs.6,000/-. He paid Rs.3,000/- as interest on amount borrowed for purchase of Debentures to Mr. John, a German resident. No tax has been deducted at source nor there is any representative assessee in India.
- h) Winning from lottery Net Rs.70,000 TDS Rs.30,000. Cost of purchase of lottery tickets was Rs.1,000.

Determine the Gross total income of Mr. Nilesh for the assessment year 2020-21.

49) Mr. Salil provides you the following information for the year ended 31<sup>st</sup> March 2020.

- a) Received Rs.10,000 as award from Mahatma Phule Krishi Vikas Mandal instituted in public interest by Government of Maharashtra in respect of scientific study on dry farming.
- b) Examiner ship fees received from Banaras University Rs.12,500.
- c) Salary @ Rs.14,500 p.m. from Chattrapati Shikshan Mandal being a lecturer including all allowances and perquisites. He is provided conveyance facilities for the journey from his residence to college. Profession tax deducted at source Rs.1,440
- d) Royalty from Vidya Prasarak Rs.42,000 for writing a book on “Commercialization of Agriculture- A need of the day.”
- e) Received Rs.5,000/- from H.U.F. as a member of H.U.F. and Rs.10,000/- as share in profit of the firm M/s Milan Traders. He did not receive any remuneration or interest from the firm.

- f) He received an award of appreciation from Thane Municipal Corporation of Rs.11,000/- as “Best Lecturer” of the city on 15<sup>th</sup> August, 2019.
- g) Honorarium of Rs.500/- from Dyan Prasarini for a speech on “Health Awareness”
- h) He was owning a machine, which was given on hire to Danish Kaneria. He received hiring charges of Rs.42,000. He incurred Rs.11,800 expenses on maintenance and depreciation allowable as per income tax rules was ascertained Rs.12,200.

You are required to ascertain the Gross Total Income chargeable to tax for the assessment year 2020-21.

**50)** Mrs. Donald is a Member of Legislative Assembly. During the previous year 2019-20 she had the following income:

- a) As M.L.A. she received a salary of Rs. 4,000 p.m. and total daily allowance of Rs.27,000 for attending various sessions and committee meetings.
- b) She held the following investments on which she received interest:
  - 100, 13.5% Debentures of Rs.100 each in Tata Iron & Steel Co. Ltd.
  - 9% fixed deposit of Rs. 10,000 in Central Bank.
- c) She also received dividend of ` 500 from Unit Trust of India.
- d) She won Rs.6,000 in horse races against which she had spent Rs.1,000 on travelling, etc.
- e) On 1<sup>st</sup> September, 2019 she purchased a plot of land. She let out the plot at Rs.500 per month from 1<sup>st</sup> November 2019.
- f) She has let Machinery, Furniture & also Building to Mr. Ajit at a monthly rent of Rs.3,000. Amount spent in respect of these assets on repairs for the previous year was Rs.20,000.
- g) She received income tax refund of Rs.3,400 in respect of excess tax paid during P. Y. 2017-18. It included interest of Rs. 200.

Compute the gross total income of Mrs. Donald for the assessment year 2020-21.

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