

TOPICS : Introduction, Residence of an Assessee , House Property & Salary

QUESTION NO.1

(8 MARKS)

Mr. Madhvan is a finance manager in Star Private Limited. He gets a salary of Rs. 30,000 per month. He owns two houses, one of which has been let out to his employer and which is in turn provided to him as rent free accommodation. Following details (annual) are furnished in respect of two house properties for the Financial Year 2019-20.

	House 1	House 2
Fair rent	75,000	1,95,000
Actual rent	65,000	2,85,000
Municipal Valuation	74,000	1,90,000
Municipal taxes paid	18,000	70,000
Repairs	15,000	35,000
Insurance premium on building	12,000	17,000
Ground rent	7,000	9,000
Nature of occupation	Let-out to Star Private Limited	Let-out to Ms. Puja

Rs. 17,000 were paid as interest on loan taken by mortgaging House 1 for construction of House 2.

Determine the taxable income of Mr. Madhvan for the assessment year 2020-21. All workings should form part of your answer.

QUESTION NO.2

(12 MARKS)

Miss Shanti is a government employee. Details of salary in P.Y. 19 – 20 is as follows : Miss Shanti is handicap.

Particulars	Rs.
Basic Salary	Rs. 30,000 p.m.
D.A. (60% forming part of retirement benefit)	50% of Basic
Commission	Rs. 1,000 p.m.
Bonus (accrued but not received)	Rs. 50,000
House rent allowance [Rent paid in Delhi Rs. 5,000 p.m.]	Rs. 6,000 p.m.
Entertainment allowance	Rs. 500 p.m.
Transport allowance	Rs. 4,000 p.m.
Computer given by employer for use	Cost Rs. 50,000 to employer (WDV – 40,000)
Motor car given for usage by employer to employee along with driver. Miss Shanti is using the car for both Private & office purpose. Running & maintenance charges met by employer. [Engine capacity → 2000 cc]	
Telephone allowance	Rs. 500 p.m.
Mobile given for use	Cost Rs. 10,000

Compute Total Salary.

QUESTION NO.3**(8 MARKS)**

Mr. Vihaan is a resident but not ordinarily resident in India during the Assessment Year 2019-20. He furnishes the following information regarding his income/expenditure pertaining to his house properties for the previous year 2019-20:

- He owns two houses, one in Singapore and the other in Pune.
- The house in Singapore is let out there at a rent of SGD 4,000 p.m. The entire rent is received in India. He paid Property tax of SGD 1250 and Sewerage Tax SGD 750 there. (1SGD=INR 51)
- The house in Pune is self-occupied. He had taken a loan of Rs. 25,00,000 to construct the house on 1st June, 2014 @12%. The construction was completed on 31st May, 2016 and he occupied the house on 1st June, 2016.

The entire loan is outstanding as on 31st March, 2019. Property tax paid in respect of the second house is Rs. 2,800.

Compute the income chargeable under the head "Income from House property" in the hands of Mr. Vihaan for the Assessment Year 2020-21.

QUESTION NO.4 (A)**(5 MARKS)**

Mr. Dey, a non-resident, residing in US since 1990, came back to India on 1.4.2018 for permanent settlement. **What will be his residential status for assessment years 2019-20 and 2020-21?**

QUESTION NO.4 (B)**(3 MARKS)**

Examine the correctness or otherwise of the statement - "Income deemed to accrue or arise in India to a non-resident by way of interest, royalty and fees for technical services is to be taxed irrespective of territorial nexus".

QUESTION NO.4 (C)**(2 MARKS)**

Describe average rate of income-tax and maximum marginal rate under section 2(10) and 2(29C) of the Income-tax Act, 1961.

QUESTION NO.4 (D)**(2 MARKS)**

Compute the tax liability of Mr. D (aged 37), having total income of Rs. 5,01,00,000 for the Assessment Year 2020-21. Assume that his total income comprises of salary income, Income from house property and interest on fixed deposit. Ignore cess.

QUESTION NO.5**(10 MARKS)****Multiple Choice Question****Q- 1 to Q-4 -----(1* 4 = 4 MARKS)**

1. Where the total income of an artificial juridical person is Rs. 4,10,000, the income – tax payable is Rs. _____ and surcharge payable is Rs. _____.
(a) Rs. 8,000; surcharge – nil (b) Rs. 16,000; surcharge – nil
(c) nil; surcharge – nil (d) Rs. 1,23,000, surcharge – Rs. 6,150

2. Dividend Income from Australian company received in Australia in the year 2018, brought to India during the previous year 2019 – 20 is taxable in case of –
 - (a) resident and ordinarily resident only
 - (b) resident but not ordinarily resident
 - (c) non -resident
 - (d) None of the above

3. Fees for technical services paid by the Central Government will be taxable in case of –
 - (a) resident and ordinarily resident only
 - (b) both resident and ordinarily resident and resident but not ordinarily resident
 - (c) non – resident
 - (d) All the above

4. Raman was employed in Hindustan Level Ltd. He received a salary of Rs. 40,000 p.m. from 1.4.2019 to 27.9.2019. He resigned and left for Dubai for the first time on 1.10.2019 and got salary of rupee equivalent of Rs. 80,000 p.m. from 1.10.2019 to 31.3.2020. His salary for October to December 2019 was credited in his Dubai bank account and the salary for January to March 2020 was credited in his Bombay account directly. He is liable to tax in respect of –
 - (a) Income received in India from Hindustan Lever Ltd;
 - (b) Income received in India and in Dubai;
 - (c) Income received in India from Hindustan Lever Ltd. and income directly credited in India;
 - (d) Income received in Dubai

Q- 5 to Q-7 -----(2* 3 = 6 MARKS)

5. Mr. Aagam has a property in Ahmedabad. Loan for purchase taken on 7/5/2017 & interest paid in year 2019 – 20 is Rs. 1,60,000. In the year 2019 – 20 interest paid for loan of repair of property Rs. 40,000. What is the maximum House Property deduction under section 24(b) in case the property is Self Occupied Property(SOP) & Let Out Property (LOP) ?

(a) 1,90,000 (SOP), 2,00,000 (LOP)	(b) 1,60,000 (SOP), 2,00,000 (LOP)
(c) 60,000 (SOP), 2,00,000 (LOP)	(d) 30,000(SOP), 40,000(LOP)

6. Dalal construction company constructed 100 Residential House Property & certificate of completion of construction received on 1/4/16. Company wants to know upto which date NAV of all House property = Nil ?

(a) 31/3/17	(b) 1/4/17	(c) 31/3/18	(d) 31/3/19
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7. Mr. Raghav is working in commercial transport Co. & receiving Rs. 11,000 p.m. as “monthly allowance for personal expenses.” What is exempt amount if he is (a) also receiving daily allowance & (b) not receiving daily allowance

(a) Nil, 92400	(b) 92400, Nil
(c) Nil,132000	(d) Nil, 1,20,000