M.COM Sem-3 NOV, 2022

Personal Tax Planning

1

Ques-1 A) Differentiate Tax Avoidance & Tax Evasion with appropriate illustration.

(B) Write a short note on applicable income Tax rates and Surcharges under New tax regime applicable for AY 22-23 in case of Individual assessee according to IT Act.

OR

Ques:2 Residential Status of Maulin Mehta

PY : 2022-23 AY : 2023-24

	Days	
1. i) Stay in India for 182 days or more in PY	114	NO
ii) or		
i) Stay in India for 60 days or more in PY	114	Yes
&	&	
ii) 365 days or more during 4 preceding P.Y	434	
2. Stay in India 730 days or more in 7 P.P.Y	710	NO

∴ Status : RNOR (Resi. but not Ordinary)

(2)

Total Taxable Income.

PY: 22-23 AY: 23-24

Particular	ROR	RNOR	NRI
1) Pension Received in Ahd.	6,00,000	6,00,000	6,00,000
2. Interest Income from FD in SBI	2,00,000	2,00,000	2,00,000
3) Rental Income from asset in Australia	3,00,000	–	–
4) Business Controlled from India, Income Received in Canada	4,00,000	4,00,000	–
5) Business income of Australia received in Canada.	3,00,000	–	–
	18,00,000	12,00,000	8,00,000

- Tax calculation :-

up to 2,50,000	Nil	Nil	Nil
₹2,50,001 to ₹500,000	12,500	12,500	12,500
₹5,00,001 to ₹10,00,000 @20%	1,00,000	1,00,000	60,000
₹10,00,001 to above @30%	2,40,000	60,000	–
	3,52,500	1,72,500	72,500
Add: HEC @ 4%	14,100	6,900	2,900
Total Tax liability	3,66,600	1,79,400	75,400

(3)

Ques-2 Computation of Taxable Salary

(1)

Particular	Rs.
1. Basic Salary (80000 x 12)	9,60,000
2. Dearness allowance (50% of salary)	4,80,000
3. Medical allowance (1000 x 12)	12,000
4. Transport allowance (2000 x 12)	24,000
5. House Rent Allowance (Note-1)	1,92,000
Taxable Salary Income	

* **Working Note :- 1** Taxable HRA

	Rs.
Amount Received as a HRA	2,40,000
Less: Exemption U/S 10(13A) is least from following three:	48000

i) Actual Received 240000

(ii) 50% of Salary (Basic + DA) (960000 + 2,40,000) 600,000

(iii) Rent paid - 10% of Salary (14000 x 12) - 120,000 $\boxed{48000}$ * least

Taxable 192,000

(2) Calculation of Rent free Accomodation :-

↳ Kolkata (15% of Salary BABC)

• Calculation of Salary for value of Accomodation

Basic Salary	9,60,000
+ D.A (50% of 960000×50%)	240,000
+ Medical allowances	12000
+ Transport allowances	24000
∴ BABC	12,36,000

• Value of taxable perquisite of Accomodation:-

15% of 'Salary' (BABC) of RS. 12,36,000

=> RS. 1,85,400

(As the population of Kolkata as per latest published Census is more than 25 lakhs)

↳ Suggestion:- As we can see option-2 has lesser amount of taxable income So, it should be better to go with option-2

(B) which factor are to be kept in mind while making calculation of Taxable income from self-occupied House properties?

OR

(A) Explain the Provision of standard deductions under Section 16(i), 16(ii), and 16(iii) under the head of Income from Salary.

(5)

Income Tax

On the basis of Amended Act & Rules

(B)

Particular	House-1	House-2	House-3
• Option-1, House-1 & 2 are self occupied.			GAV 3,60,000
			-Tax 27000
∴ Net annual value	Nil	Nil	3,33,000
- deductions	Nil	Nil	(30%) 99,900
Taxable income	Nil	Nil	2,33,100 *
• Option-2, House-2 & House-3 are Self occupied.	GAV 187200		
	-Tax 15600		
∴ Net annual value	171,600	Nil	Nil
- deductions.	51,480	Nil	Nil
∴ Taxable income	120,120	Nil	Nil
Option-3 House-1 & 3 are Self occupied		GAV 2,60,000	
		-Tax 23,400	
∴ NAV	Nil	236,600	Nil
- deduction @30%	Nil	70980	Nil
∴ Taxable	-	165,620	-

Option-2 is giving minimum Tax liability

So, House-1 should be Let-Out.

Ques: 3 Computation of LTCG
PY: 2021-22 AY: 2022-23

Particular		₹
1) Residential flat :-		
Sales Value		23,24,160
Less : Special deduction		
i) Transfer fees	40,000	
ii) Indexed Cost of Acq. $\left(\frac{817500 \times 317}{122}\right)$	21,24,160	21,64,160
∴ Capital gain		1,60,000
Less : deduction U/S 54		2,25,000
		Nil
2) Personal Motor Car. is not Considered as a Capital.		
3) Urban Agricultural Land :-		
Sales value		4,50,000
Less: i) Transfer fees	4000	
ii) Indexed Cost of Acq. $\left(\frac{75000 \times 317}{100}\right)$	2,37,750	2,41,750
∴ Taxable Capital gain		2,16,250

(7)

4> Gold :-

Sales Value		16,20,000
Less : i) Transfer fees	10,000	
ii) Indexed cost of Acq. $\left(\frac{883283 \times 317}{200}\right)$	14,00,000	14,10,000
∴ Taxable Capital gain		2,10,000

* Total longterm Capital gain

1> Urban Agricultural land	2,16,250
2> Gold	2,10,000
∴ Total LTCG	4,26,250

Suggestions :

1) He should buy Second Residential House because upto Two Self-Residential House are being allowed

or

2) He should deposit this Amount with depositary scheme.

OR

A) Explain basic principles of Calculating incomes taxable under the head profit & gains of Business & profession.

(B) Computation of Admissible Depreciation

Particular	Rs.
Depreciated value of furniture & fittings as on 01/04/21	10,00,000
Add : 1) Cost of New Building as on 01/02/022	1,45,000
2) Installation expenses	5000
	11,50,000
Less: Sold furniture & fittings in same Block as on 31/02/21 (31/12/21)	2,75,000
∴ Total W.D.V for P.Y 22-23 (Base)	8,75,000
Less: Depreciation @ 10% on old & @50% of 10% on New furniture (used for less than 180 days)	80,000
∴ W.D.V as on 31/03/22	7,95,000

Note: old (10,00000-275000 = 7,25,000 x 10%)

+ New (145000 +5000 = 150000 x 10% x 1/2) (50% of ")

(a)

Ques: 4 Income from other Sources :-

(A)

Particular	₹
1) Got cash prize money in Cross-word puzzle $\left(\frac{14000 \times 100}{70}\right)$	20,000
2) Interest on 7% Capital Investment Bond	–
3) Received dividend from shares of Conversion ltd.	30,000
4) Received dividend from shares of Walmart ltd. (22,000 - 300)	21,700
5) Composite rent of Computers (24000 - 600)	23,400
6) Received cash from mother-in-law	–
7) Int. on post office Savings bank (16,000 - 7000) (3500×2)	9000
8) Received family pension 45,000 - 15,000	30,000
∴ Taxable Income	1,34,100

(B)

Statement showing calculation of liability for tax

1) Salary Income	7,00,000	
Less: standard deduction	50,000	6,50,000
2) Income from House property		3,60,000
3) Income from other Sources		240,000
(gross) ∴ Total Taxable Income		12,50,000
Less: Deduction u/s 80C		1,50,000
(Net) ∴ Total Taxable Income		11,00,000
Less: Tax free income		250,000
		8,50,000

As per Old Regime :-

	Tax ₹
0 to ₹2,50,000	NO Tax
2,50,001 to ₹500,000 @ 5%	12,500
5,00,001 to ₹10,00,000 @ 20%	1,00,000
above 10,00000 @ 30%	30,000
Total Tax	₹ 1,42,500

Total Tax Payable	₹ 1,42,500
+ HEC @ 4%	~~5400~~ 5700
	1,48,200
Less: TDS paid	
Salary - ₹ 60000	
Othersources ₹ 24000	84000
	64,200

* Income Tax to be paid

15% up to 15th June	9630
45% up to 15th Sep	19,260
75% up to 15th Dec	19,260
100% up to 15th March	16,050
Tax	₹ 64,200

* As Per New Tax Regime:-

up to 3 Lacs	Nil	-
3 L to 6 Lacs	@ 5%	₹15000
6 L to 9 Lacks	@ 10%	₹ 3000

9 to 12 Lacs @ 15% ₹ 30000

Tax 75,000

∴ Total Tax payable ₹ 75000

+ HEC @ 4% 3000

₹ 78,000

Less: TDS paid 84,000

No advance Tax rule would be applicable

Ques:5 MCQ

1. B) 2022
2. Right Ans → A) 2,45,000 ☆ in GU anskey ans(d) is given
3. B) 1,00,000 & ₹39000
4. b) Income Tax
5. C) 30%
6. b) Block of assets
7. b) Exessive Refund granted
8. A) Taxable up to ₹50,000
9. B) Stock of goods
10. C) 9.5% of Salary
11. C) 4800
12. A) Tax planning.