

# Model Question Paper

## Taxation-1 (Paper: CC 4.1 Ch) (4<sup>th</sup> Sem)

**Full Marks:80**

**Time allotted- 3 hours**

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words

As far as practicable.

### Group-A

- 1) Distinguish between tax avoidance and tax evasion. 5  
**Or,**

Mention the exceptional cases of the general rule that income of previous year is taxed in the assessment year. 5

- 2) From the following information of Mr. Das, compute his income liability to be taxed in India for the A.Y.- 2020-2021, assuming that Mr. Das is- (a) resident but not ordinarily, (b) Non-Resident, -

- i) Income from house property in Colombo received in India- Rs. 30,000/-
  - ii) Profits from a business in Bangladesh controlled from India and received in Bangladesh-Rs.15,000/-
  - iii) Agricultural Income from land situated in Bangladesh-Rs. 26,000/-
  - iv) Income from Profession in India but received in Iran- Rs.30,000/-
  - v) Salary income received in India for services rendered in Pakistan- Rs.72,000/-.
- 5

- 3) Discuss with reasons, whether the following incomes are treated as agricultural income for the purpose of Income Tax-

- i) Income by way of selling rice produced from the paddy purchased by assessee
  - ii) Profits earned from the sale of agricultural land
  - iii) Profits earned from the sale of wild grass of spontaneous growth
  - iv) Income earned from the sale of tea growth and manufactured by the assessee
  - v) Profits earned by selling agricultural procedure from a land situated at Bangladesh.
- 5

- 4) Sri Mahajan furnishes the following particulars of his income for the financial year ending 31.03.2020-

- i) Dividend received from Indian company- Rs. 10,000/-
- ii) Dividend received from a foreign company- Rs.20,000/-
- iii) Income from agricultural land in Bangladesh- Rs.15,000/-
- iv) Income from agricultural land in Kerala- Rs.25,000/-
- v) Winnings from lottery (net after deduction of tax @ 30%)-Rs.70, 000/-.

Compute his income from other source.

5

**Or,**

Md. Hossain furnished the following information for the P.Y.- 2019-2020: -

	<u>Amount (Rs.)</u>
Income from profession	1,80,000
Income from other sources	40,000
Payment of life insurance premium on own life (Policy Value- Rs.4 Lakh)	50,000
Purchase of NSC (viii issue)	20,000

He has been living in a rented house in Kolkata paying rent of Rs. 3,000 per month. Neither he, nor his spouse or any of his children own any property in India. Compute allowable deduction u/s 80GG. **5**

**Group-B**

5. From the following Profit and Loss A/c and other relevant information, compute total income of Shri Ratan for the assessment year 2020-21.

Profit and Loss Account for the year ended 31-3-20

Particulars	Rs.	Particulars	Rs.
To Opening stock	1,10,000	By Sales	5,20,000
To Purchases	2,50,000	By Dividend from foreign Company	4,000
To Salaries	50,000	By Bad debt recovery (Disallowed in 2014-15)	35,000
To Legal expenses	7,500	By Bank interest	15,000
To Income tax	8,500	By Closing stock	66,000
To Fines paid to Excise Dept.	12,000		
To Provision for bad debts	8,000		
To Depreciation	27,000		
To Donation	10,000		
To ESI	17,000		
To Travelling expenses	5,000		
To Advertisement	15,000		
To Net Profit	1,20,000		
	6,40,000		6,40,000

Additional Information:

- i. Both opening and closing stocks have been valued at 10% above cost;
- ii. Depreciation as per Income Tax Rules is Rs. 22,000.
- iii. Donations comprise Rs. 8,000 donated to PM's Drought Relief Fund and Rs. 2,000 to National Children Fund.
- iv. ESI amounting to Rs. 12,000 were paid on September 14, 2020.
- v. Purchases include a payment of Rs. 40,000 made in cash.

- vi. Salaries paid include Rs. 24,000 paid to Shri Ratan.
- vii. Purchases a Scientific research asset worth Rs. 70,000 included in purchases. **10**

**Or,**

Wriddhi supplied the following information for the previous year 2019-2020:

	Plant and machinery (Rs.)	Patents (Rs.)
Written down value on 1.4.2019	2,00,000	-
Purchases during the year 2019-2020	1,20,000	80,000
Written down value of assets sold	80,000	-
Sales proceeds of assets	70,000	-

Plant and machinery costing Rs. 50,000 was purchased further on 1<sup>st</sup> January, 2020.

Rate of depreciation: Plant and machinery 15%, patents as per Income-tax Rules.

You are required to calculate depreciation for the assessment year 2020-2021 on the assumption that plant and machinery purchased during the year are installed in the office premises. **10**

6. Shri Swaminathan (below 60 years) furnishes the following particulars of his income during the previous year 2019-2020:

	Rs.
a) Income under the head "Salaries"	95,000
b) Loss from manufacturing business	80,000
c) Profits from construction business	60,000
d) Profits from speculation business in bullion	10,000
e) Loss from trading in shares (He never took delivery of shares)	25,000
f) Loss from self-occupied house	10,000
g) Dividend from Indian companies	5,000
h) Interest on fixed deposits in banks	10,000
i) Long term capital gains	10,000
j) Short term capital gains	15,000
k) Medical insurance premium paid	8,000

You are required to compute total income of Shri Swaminathan for the relevant assessment year. **10**

**Or,**

During the previous year 2019-2020, X furnishes the following particulars of his income:

	Rs.
a) Gross salary	4,15,200
b) Interest on fixed deposit with a bank	5,000
c) Interest on fixed deposit of minor daughter	3,000
d) Income from UTI received by his handicapped son	3,000

During the year X paid the following sums:

a) Contribution to LIC for pension fund u/s 80CCC	10,000
b) Deposit to Public Provident Fund	55,000
c) Deposit under equity saving scheme	20,000
d) Tuition fees for part-time MBA course of son	25,000
e) Tuition fees for full-time Engineering course in India for the daughter	40,000

Compute taxable income of X for the assessment year 2020-2021. **10**

7. From the following particulars submitted by Shri M. Basu, compute his total income for the assessment year 2020-2021:

	Rs.
a. Written down value of plant and machinery	
On 1 <sup>st</sup> April, 2019	3,00,000
Depreciation allowed (@15%)	
Up to 31 <sup>st</sup> March, 2019	2,00,000
Sale price of the machinery on 30 <sup>th</sup> August, 2019	6,00,000
b. Sale price of commercial building purchased	
in 2006-07 at a cost of Rs. 1,00,000	5,42,750
Cost of improvement in 2007-08	50,000
c. Income from business	50,000

**[ CII: 2006-2007= 122; 2007-2008 = 129; 2019-2020= 289]**

**10**

### Group - C

8. Sri Samir Saha furnished the following information for the previous year 2019-20:

Basic salary	Rs. 1,60,000
Dearness allowance	25% of basic pay
Transport allowance	Rs. 1,200 p.m
Contribution to RPF	15% of basic salary and DA
Children education allowance (for two children)	Rs. 500 p.m
Interest credited on the balance of RPF @ 12%	Rs. 7,200
Entertainment allowance	Rs. 1,000 p.m

He is provided with rent-free accommodation in Kolkata for which company pays rent Rs. 5,000 p.m

During the previous year he spent Rs. 5,000 for medical treatment of himself in a private nursing home and his employer reimbursed the entire amount.

He engaged a domestic servant at a salary of Rs. 500 p.m and his employer paid the salary.

His employer presented him a Laptop Computer costing Rs. 15,000 in a previous year.

Professional tax of Rs. 1,600 was paid by his employer.

Compute taxable income for salary of Sri Saha for the A. Y 2020-21.

15

Or,

(a) Mr. Nag retired from his job with effect from 1-9-2019. He had joined the service on 1-1-03. He got an increment in his basic salary amounting to Rs. 1,000 every year on January 1. At the time of his retirement he was getting a basic salary of Rs.2,000 p.m. He was also entitled to dearness allowance @10% of basic salary (which forms part of salary for retirement benefits) and commission on turnover @1% of the total sales achieved by him. His turnover for the 12 months ending on 1-8-2019 was Rs. 12,00,000. He received a sum of Rs. 3,20,000 as gratuity on the date of his retirement. Compute the amount of gratuity taxable for the assessment year 2020-21 assuming that the sales occurred evenly during 12 months period.

(b) Shri Swapan, an employee of XYZ Pvt. Ltd, retired from the company on 30<sup>th</sup> November, 2019. At the time of his retirement he received Rs. 1,50,000 as leave salary from his employer.

From the following information calculate the taxable amount of leave encashment of Shri Swapan for the assessment year 2020-2021:

- i. Salary at the time of retirement (p.m): Rs.9,000
- ii. Period of service: 20 years 10 month
- iii. Leave availed of while at service: 14 months

- iv. Unavailed leave at the time of retirement: 16 months
- v. Average salary for the last 10 months till November, 2019: Rs.8,800
- vi. Leave entitlement as per service rules: 1.5 months for every completed year of service.

(c) From the following particulars find out the value of rent- free furnished accommodation at Mumbai provided to R, a private sector employee:

	Rs. (p.a)
Basic salary	1,62,000
Dearness allowance (50% forming part of salary)	90,000
Income-tax paid by the employer on behalf of R	6,000
Rent- free accommodation (rent paid by employer)	1,50,000
Uniform allowance (60% spent for official purposes)	18,000
Cost of furniture provided	60,000
	<b>5+5+5</b>

9. Mr. Abul Hasan owns three houses at Ranchi. He furnishes the following particulars for the previous year 2019-20:

**House No. I:** The house was constructed in 2018 and let out to a friend at a monthly rent of Rs. 10,000 up to January 1,2020 and thereafter, it was let out at its fair rent of Rs. 15,000 per month. He has paid Rs. 15,000 as municipal taxes @10% of municipal value. He has also fire insurance premium of Rs. 2,000.

**House No. II:** Ground floor is let out @ 20,000 p.m. First floor, identical to ground floor, is occupied by him for his residence. Municipal taxes paid @20% amounted to Rs. 80,000.

**House No. III:** The house was constructed in 2008 and is used for his business. The annual value of this house is Rs. 1,00,000 and he spent Rs. 5,000 as municipal taxes and Rs. 2,000 for repairs.

Other information:

A loan of Rs. 40,00,000 has been taken on June 1, 2017 for construction of House No. II. Construction of the house was completed on June 1, 2018. He repaid the entire loan on December 31, 2019. Interest on loan is payable @12% p.a.

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

## Solutions:

1) The difference between tax evasion and tax avoidance are pointed as below:

Point of difference	Tax avoidance	Tax evasion
Definition	It is an exercise by which the assessee legally takes advantage of the loopholes of the act.	It is the legal way to reduce tax liability by deliberately suppressing income or sale or by increasing expenses, etc, which results in reduction of total income of the assessee.
Feature	It is a practise of bending the law without breaking it.	It is illegal, both in script and moral.
Object	To reduce tax liability to the minimum by applying script of law only.	To reduce tax liability by applying unfair means.
Benefit	Generally, arises in short run.	Generally, benefits do not arise, but it causes penalty and prosecution.
Treatment of Law	It uses loopholes in the law.	It over rules the law.

**Or,**

This is the general rule that income of previous year of an assessee is charged to tax in the immediately following assessment year. However, in the following cases, income of the previous year is assessed in the same previous year: -

- i) Income of non-resident assessee arising from shipping business (Sec.172)
- ii) Income of person leaving India either permanently or for a long period (Sec174)
- iii) Income of bodies formed for short duration (Sec 174A)
- iv) Income of a person who is likely to transfer his properties to avoid tax (Sec 175)
- v) Income of discontinued business (Sec 176)

2. Computation of income liable to be taxed in India of Mr. Das for the Assessment Year-2020-2021-

	Particulars	Resident but not ordinarily resident	Non- Resident
i)	Income from H.P. from Colombo received in India	30,000	30,000
ii)	Profits from a business in Bangladesh controlled from India and received in Bangladesh	15,000	Nil
iii)	Agricultural Income from land situated in Bangladesh	Nil	Nil
iv)	Income from Profession in India but received in Iran	30,000	30,000

v)	Salary income received in India for services rendered in Pakistan	72,000	72,000
	<b><u>Income liable to be taxed in India</u></b>	<b><u>1,47,000/-</u></b>	<b><u>1,32,000/-</u></b>

3.

- i) Income by way of selling rice produced from the paddy purchased by assessee shall not be treated as agricultural income as any income derived by processing the agricultural produce so as to render it fit for sale in market is treated as agricultural income u/s 2(1A) only in the hands of the cultivator or receiver of rent in kind.
- ii) Profit earned on sale of agricultural land shall not be considered as agricultural income as the same income is not derived from land.
- iii) Income from sale of trees, grass grown spontaneously and without any human effort is non- agricultural income as basic operation is not performed on land.
- iv) As per Rule 8, 60% of income earned from sale of tea grown and manufactured by the assessee shall be treated as agricultural income.
- v) As land is situated outside India, income from selling agricultural procedure shall not be treated as agricultural income.

4. Computation of income from other sources of Sri Mahajan for the A.Y.-2020-2021

<b>Particulars</b>	<b>Amount (Rs.)</b>
Dividend from foreign company	20,000
Income from agricultural land in Bangladesh	15,000
Winning from lottery [7000/ (100-30) %]	10,000
<b><u>Income from Other source</u></b>	<b><u>45,000</u></b>

Notes:

The following incomes are exempted from computation of income tax liability: -

1. Dividend from Indian company- Exempted u/s 10(34), upto Rs.1000000
2. Income from agricultural land in Kerala- Exempted u/s 10(1)

**Or,**

Statement showing computation of deduction u/s 80GG for assessment year 2020-21

<b>Particulars</b>	<b>Amount (Rs.)</b>
Minimum of the following shall be deducted: -	
1. Rs.5000/- per month (5000X12)- Maximun	60,000
2. 25% of adjustable Gross Total Income (25% of Rs.160000) WN-1	40,000
3. Excess of rent paid over 10% of adjusted Gross Total Income [3000X12-(10% of 1,60,000)	20,000
<b><u>Deduction available u/s 80GG</u></b>	<b><u>20,000</u></b>

Working Notes: -

1. Computation of Adjustable Gross Total Income:

<b>Particulars</b>	<b>Amount (Rs.)</b>
Income from Profession	1,80,000
Income from other sources	<u>40,000</u>
Gross Total Income	2,20,000
Less: Deduction u/s 80C (LIC & NSC)	<u>60,000</u>
<b><u>Adjusted gross total income for the purpose of Sec 80GG</u></b>	<b><u>1,60,000</u></b>

2. Deduction in respect of payment of LIC premium cannot exceed 10% of sum assured.  
i.e, Rs. 40,000/- (Being 10% of Rs. 4,00,000/-)

5.

Computation of total income of Shri Ratan for the assessment year 2020-2021 relating to the previous year 2019-2020.

Particulars	Rs.	Rs.	Rs.
<i>Profits and gains of business and profession:</i>			
Net profit as per P/L Account		1,20,000	
Add: Expenses disallowed:			
Income tax	8,500		
Fines paid to excise department	12,000		
Provision for bad debt	8,000		
Depreciation (treated separately)	27,000		
Donation	10,000		
ESI (paid after the due date of submission of return [u/s 43B])	12,000		
Purchase exceeding Rs. 20,000 made in cash [u/s 40A (3)]	40,000		
Salaries paid to self	24,000		
Purchase of scientific research assets (treated separately)	70,000		
Over valuation of stock [(1,10,000-66,000) *10/110]	4,000	(+2,15,500)	
Less: Expenses allowed under the Act:			
Depreciation as per IT Rules	22,000		
Capital expenditure on scientific research [ u/s 35(2) (ia)]	70,000	(-) 92,000	
Less: Income not taxable under the head:			
Dividend from foreign company	4,000		
Recovery of bad debt (disallowed earlier)	35,000		
Bank interest	15,000	(-) 54,000	1,89,000
Income from other sources:			
Dividend from foreign company		4,000	
Bank interest		15,000	19,000
Gross total income			2,08,500
Less: Deduction in respect of donation 80G (50% of Rs.10,000)			5,000
Total income			2,03,500

5. Or.)

Computation of depreciation allowance for the assessment year 2019-2020 relating to the previous year 2019-2020.

Particulars	Rs.	W.D.V Rs.	Depreciation Rs.
<b>Plant and machinery:</b>			
Block 1 (Rate of depreciation 15%):			
W.D.V on 1.4.2019	2,00,000		
Add: Purchases during the year 2019-2020	1,20,000		
Add: Purchases on 1 <sup>st</sup> January, 2020	50,000		
	3,70,000		
Less: sale proceeds of plant	70,000		
		3,00,000	
Written down value of block of plants on 31 <sup>st</sup> march, 2020			
<b>Depreciation:</b>			
On plants purchased on 1 <sup>st</sup> January, 2020 (being used for less than 180 days during the previous year):	3,750		
Rs. 50,000*15/100*1/2			
On the balance of Rs. (300,000-50,000) i.e., Rs.250,000@15%= Rs.250,000*15/100	37,500		41,250
<b>Patents:</b>			
Block 1 (Rate of dep. 25%):			
W.D.V on 1 <sup>st</sup> April, 2019	Nil		
Add: Purchase during the year 2019-2020	80,000		
	80,000		
Less: sale during the year 2019-20	Nil		
Written down value on 31 <sup>st</sup> march, 2020		80,000	
Depreciation: Rs.80,000*25/100			20,000
Total depreciation during the previous year 2019-2020			61,250

Notes:

1. It is assumed that plant Rs.1,20,000 purchased during the year have been put into use during the previous year for more than 180 days.
2. Plant and machinery installed in office premises are not eligible for additional depreciation.
3. Under rule 5, rate of dep. on patent is 25%.

6. Computation of total income of Shri Swaminathan, a resident individual, for the assessment year 2020-2021 relating to the previous year 2019-2020.

Particulars	Rs.	Rs.	Rs.
<ul style="list-style-type: none"> <li>• Income under the head “salaries”:</li> <li>• Income from House Property:</li> <li>• Profits and gains of business and profession:</li> </ul>			95,000
Loss from manufacturing business	(-)80,000	(-)20,000	(-)10,000
Profits from construction business	(+)60,000		
Loss from speculation in shares (note 1)	(-)25,000		
Profits from speculation in bullion	(+)10,000		
Speculation loss to be carried forward	(-)15,000		
<ul style="list-style-type: none"> <li>• Capital gains:</li> </ul>			
Long-term capital gains	(+)10,000	Nil	
Short-term capital loss	(-)15,000		
Loss under the head “capital gains” Not to be set off against any other head	(-)5,000		
<ul style="list-style-type: none"> <li>• Income from other sources:</li> </ul>			
Dividend from Indian companies [exempt u/s 10(34)]	Nil		
Interest on fixed deposit with bank	10,000	+10,000	
Business loss not to be set off against “salaries” [note 2]		(-) 10,000	
Gross total income			85,000
Less: deduction under section 80C TO 80U: u/s 80D in respect of medical insurance premium			8,000
Total income			77,000

Notes:

1. As per sec 43(5), where shares are purchased or sold without taking actual delivery, the transaction is to be regarded as speculative transaction. Loss from such a source can be set off only against profits from a similar source.
2. With effect from the a.y. 2005-2006, loss under the head “Profits and gains of business and profession” cannot be set off against income under the head “salaries”.
3. With effect from the a.y 2018-19, loss under the head Income from house property may be set off against income under any other head up to a maximum of Rs. 2,00,000.

6. or.)

Computation of total income of X, a resident individual, for the a.y 2020-2021 relating to the p.y 2019-2020:

Particulars	Rs.	Rs.	Rs.
<ul style="list-style-type: none"> <li><b>Income under the head "salaries":</b></li> </ul>			
Gross salaries		4,15,200	
Less: standard deduction u/s 16(ia):		50,000	
			3,65,000
<ul style="list-style-type: none"> <li><b>Income from other sources:</b></li> </ul>			
Interest on fixed deposit with bank		5,000	
Interest on fixed deposit of minor daughter	3,000		
Less: Exemption u/s 10(32)	1,500	1,500	
Income from UTI received by his handicapped son [exempt u/s 10(33)]		nil	
			6,500
Gross total income			3,58,700
Less: deduction u/s 80C-80U:			
i. u/s 80C: for specified savings/payments (note 1)		95,000	
ii. u/s 80CCC: for pension fund of LIC		10,000	
Total deduction u/s 80C,80CCC and 80CCD not exceed Rs. 1,50,000, vide sec 80CCE		1,05,000	
iii. u/s 80CCG: For deposit under Equity Saving Scheme (50%)			1,05,000
Total income			2,43,700

Note:

Deduction u/s 80C:	Rs.
Deposit to public provident fund	55,000
Tuition fees for son (part-time course not eligible)	nil
Tuition fees for daughter in full-time course	<u>40,000</u>
	<u>95,000</u>

7.

Computation of total income of Shri M. Basu, a resident individual, for the a.y 2020-2021 relating to the p.y 2019-2020:

Particulars	Rs.	Rs.	Rs.
<ul style="list-style-type: none"> <li>• Profits and gains of business and profession</li> <li>• Capital gains :</li> </ul>			50,000
a) Short-term capital gains on transfer of machinery:			
Sale consideration	6,00,000		
Less: cost of acquisition	3,00,000		
		3,00,000	
b) Long-term capital gains/loss:			
Sale consideration	5,42,750		
Less: Indexed cost of acquisition [Rs. 1,00,000*289/122]	(-)2,36,885		
Less: Indexed cost of improvement [Rs. 50,000*289/129]	(-)1,12,016		
		1,93,849	4,93,849
Gross total income			5,43,849
Less: deductions under section 80C to 80U			Nil
<b>Total income</b>			<b>5,43,849</b>

8.

Computation of income under the head salaries of Sri Samir Saha for the A.Y 2020-21

Particulars	Workings	Details	Amount	Amount
Basic				1,60,000
<b>Allowances:</b>				
Dearness Allowance			40,000	
Children Education Allowance	500*12	6,000		
Less: Exempted	100*2*2	2,400	3,600	
Entertainment Allowance	1,000*12		12,000	
Transport Allowance	1,200*12		14,400	70,000
Perquisites u/s 17(2):				
Rent Free Accommodation	Lower of 15% of salary or rent paid		34,500	
Medical Reimbursement			5,000	
Domestic Servant facility	500*12		6,000	

Gift of Laptop	In excess of ₹ 5,000		10,000	
Professional tax			1,600	57,100
Employer's contribution to RPF	₹2,00,000*15%	30,000		
Less: Exempted	₹2,00,000*12%	24,000	6,000	
Interest on RPF		7,200		
Less: Exempted up to 9.5%		5,700	1,500	7,500
Gross Taxable Salary				2,94,600
Less: Standard Deduction			50,000	
Less: Professional Tax			1,600	51,600
<b>Taxable Salary</b>				<b>2,43,000</b>

Note: Salary for the purpose of

Particulars	RFA	RPF
Basic salary	1,60,000	1,60,000
Dearness Allowance	40,000	40,000
Children Education Allowance	3,600	
Entertainment Allowance	12,000	
Transport Allowance	14,400	
Total	2,30,000	2,00,000

8.Or. a)

If the employee is covered under the payment of gratuity act, 1972

PARTICULARS	AMOUNT	AMOUNT
Gratuity received		3,20,000
Less: exemption u/s 10(10) (ii)		
least of three alternatives		
• Actual amount received as gratuity	3,20,000	
• 15 day's average salary for every completed year of service or part thereof (15/26*salary of last month* no of year job completed)	2,03,077	
(15/26*Rs.20,000 plus 10% DA*16)		
• Maximum limit	20,00,000	
		2,03,077
<b>TAXABLE GRATUITY</b>		<b>1,16,923</b>

Here, salary= basic salary+ DA

If the employee is not covered under the payment of gratuity act, 1972

PARTICULARS	AMOUNT	AMOUNT
Gratuity received		3,20,000
Less: exemption u/s 10(10) (iii) least of three alternatives		
• Actual amount received as gratuity	3,20,000	
• ½ months average salary for every complete year of service [note 1]	1,70,850	
• Maximum limit	20,00,000	
		1,70,850
<b>TAXABLE GRATUITY</b>		1,49,150

Notes:

- i. Salary for this purpose: Basic+DA (since it is given as per terms of employment) + commission based on fixed percentage of turnover.
- ii. Salary for 10 months preceding the month of retirement (i.e., salary from November 2018 to August 2019):  
 [basic salary: (Rs.19000\*2+20000\*8= Rs. 1,98,000) + 10% DA (10% of Rs. 1,98,000= Rs.19,800) +1% commission on turnover for 10 months i.e., (Rs.12,00,000\*10/12\*1/100= Rs.10,000) = Rs.2,27,800.  
 Average salary for the last 10 months preceding the month of retirement:  
 227,800/10= Rs.22,780.  
 One- half month's average salary for each year of completed service (fraction months ignored) = ½\*15\* Rs.22,780= Rs.1,70,850.

8.Or. b)

Computation of taxable amount of leave encashment of Shri Swapan for the A.Y. 2020-21 relating to P.Y. 2019-20.

PARTICULARS	Rs.	Rs.
Leave encashment received		1,50,000
Less: exemption u/s 10(10AA) (ii) least of 4 alternatives		
• Actual amount received	1,50,000	
• 10 months' average salary	88,000	
• Cash equivalent of leave to the credit of the employee (note 1)	52,800	
• Maximum limit	3,00,000	
		52,800
<b>TAXABLE LEAVE SALARY</b>		97,200

Note:

1. cash equivalent of leave entitlement:

Maximum leave entitled @30 days for each year of completed service=	20 months
Less: leave actually availed of	<u>14 months</u>
Leave entitlement encashable	6 months

Cash equivalent=6\*Rs.8,800= Rs.52,800.

8. Or. c)

Computation of the value of perquisite in respect of rent-free accommodation provided to R, a resident individual, for the a.y 2020-21 relating to the p.y 2019-20.

PARTICULARS	Rs.	Rs.
Since the accommodation is taken by the employer on rent, the value of rent-free unfurnished accommodation u/s 17(2)(i), Rule 3(1) shall be the lower of the following:		
a. 15% of salary (see note)	32,130	
b. Actual rent paid by the employer	1,50,000	
Value of rent-free unfurnished accommodation [alternative (a) being lower]		32,130
Add: 10% of the cost of furniture		6,000
Value of perquisite		<u>38,130</u>

Note: Meaning of salary for this purpose: Rs.

Basic salary	1,62,000
50% of dearness allowance	45,000
Uniform allowance (Rs. 18,000 less 60%)	<u>7,200</u>
Total	<u>2,14,200</u>

9.

Computation of income from house property Mr. Abul Hasan for the assessment year 2020-21

	₹	₹
• Income from house No. I (let out):		
Gross annual value	<b>1,80,000</b>	
Less: Municipal tax paid by owner	<b>15,000</b>	
Adjust annual value	<b>1,65,000</b>	
Less: Standard deduction (30% of 1,65,000)	<b>49,500</b>	
		<b>1,15,500</b>

<ul style="list-style-type: none"> <li>Income from house No. II (Ground Floor --let out): Gross annual value Less: Municipal tax paid by owner</li> </ul>	<b>2,40,000</b> <b>40,000</b>	
	<b>2,00,000</b> <b>(-)60,000</b> <b>(-)2,20,000</b>	<b>(-)80,000</b>
<ul style="list-style-type: none"> <li>Income from house No. II (First Floor): Gross annual value Less: Interest on borrowed capital (restricted to Rs. 2 lakh)</li> </ul>	<b>Nil</b> <b>2,00,000</b>	<b>(-)2,00,000</b>
Loss from house property		<b>1,64,500</b>

**Notes:**

- Interest on loan deductible from adjust annual value of House No II:  
Accumulated interest prior to completion of construction from June 1, 2017 to March 31,2018 i.e for 10 months ---- 12% p.a of 40 lakh for 10 months **₹ 4,00,000**  
Accumulated interest for pre-construction period (1/5 X ₹4,00,000) **₹ 80,000**  
Current year's interest (12% p.a of 40 lakh for 9 months) **₹ 3,60,000**  
**₹ 4,40,000**  
Ground floor (50% of ₹ 4,40,000) **₹ 2,20,000**  
First floor (50% of ₹ 4,40,000 subject to a maximum of 2,00,000) **₹ 2,00,000**
- As House No. III is used by the assessee for his business, the same is assessable under the head  
"Profit and gains of business or profession"

**Thank You**