

**Bachelor's Degree Programme  
(BDP)**

**ASSIGNMENT  
2021-2022**

**Elective Course in Commerce  
ECO – 11: Elements of Income Tax**

**For July 2021 and January 2022 Admission Cycle**



**School of Management Studies  
Indira Gandhi National Open University  
Maidan Garhi, New Delhi -110068**



**Elective Course in Commerce**  
**ECO – 11: Elements of Income Tax**

**ASSIGNMENT- 2021-22**

Dear Students,

As explained in the Programme Guide, you have to do one Tutor Marked Assignment in this Course.

Assignment is given 30% weightage in the final assessment. To be eligible to appear in the Term-end examination, it is compulsory for you to submit the assignment as per the schedule. Before attempting the assignments, you should carefully read the instructions given in the Programme Guide.

This assignment is valid for two admission cycles (**July 2021 and January 2022**). The validity is given below:

1. Those who are enrolled in **July 2021**, it is valid up to **June 2022**.
2. Those who are enrolled in **January 2022**, it is valid up to **December 2022**.

You have to submit the assignment of all the courses to The Coordinator of your Study Centre. For appearing in June Term-End Examination, you must submit assignment to the Coordinator of your study centre latest by **15<sup>th</sup> March**. Similarly for appearing in December Term-End Examination, you must submit assignments to the Coordinator of your study centre latest by **15<sup>th</sup> September**.

## TUTOR MARKED ASSIGNMENT

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<b>Course Code</b>	<b>:</b>	<b>ECO- 11</b>
<b>Course Title</b>	<b>:</b>	<b>ELEMENTS OF INCOME TAX</b>
<b>Assignment Code</b>	<b>:</b>	<b>ECO-11/TMA/2021-22</b>
<b>Coverage</b>	<b>:</b>	<b>ALL BLOCKS</b>

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**Maximum Marks: 100**

### Attempt all the questions:

1. (a) Mr. Shakil is an employee of Axis Ltd. He receives Rs. 5,00,000 as gratuity as per the provisions of payment of Gratuity Act, 1972. He retired on 31<sup>st</sup> March, 2021 after doing service for 27 years and 9 months. At the time of retirement his monthly salary was Rs. 17,000. Calculate the taxable gratuity in the hands of Mr. Shakil for assessment year 2021-22. (10)
- (b) Particulars of the income of Mr. James for the year ended on March 31, 2021 are as follows:- (10)

	Rs.
Income from house property (computed)	2,10,000
Profit and gains of sole tradership	25,000
Share profits from an association of persons which has paid tax on its income	15,000
Long-term capital gains on jewellery	10,000
Short-term capital gains	22,000
Long-term capital loss on sale of shares	(-) 22,000
Dividends from an Indian company (the shares are held as stock-in-trade)	6,500
Brought-forward items/losses of the previous year:	
Business losses	(-) 42,000
Loss from house property	(-) 2,60,000

Determine his gross total income of Mr. James for the assessment year 2021-22.

2. (a) Mr. Radhey Shyam is employed in a company. He gets the following from the company: (10)
- i) Salary @ 20,000 p.m.
  - ii) Dearness allowance @ Rs. 2,000 p.m.
  - iii) Medical allowance @ Rs. 5,000 p.m.
  - iv) Bonus equal to 2 month's salary
  - v) Commission @ Rs. 20,000 p.a.

The following perquisites are provided by the employer:

- i) A sweeper and a cook getting salary of Rs. 1,500 p.m. each
- ii) A car of 1400 cc for his personal use for which the employer pays.
- iii) Rent-free unfurnished house in Etawah (Population less than 10 lakhs) owned by employer, annual rental value of which is Rs. 1,00,000
- iv) A Gardner whose salary is Rs. 2,000 p.m.
- v) Free gas, electricity and water facility for private use, employer actually paid for this facility Rs. 20,000 for previous year.

Compute taxable salary of Mr. Radhey Shyam for the A.Y. 2021-22.

- (b) Mr. Amit is employed in XYZ Ltd. Getting basic pay Rs. 15,000 p.m. and dearness allowance Rs. 5,500 p.m. forming part of salary. He has contributed Rs. 3,000 p.m. to the recognized provident fund and employer has also contributed an equal amount. During the year interest of Rs. 25,000 was credited @ 8.5 p.a. (10)

Employer has provided rent-free-accommodation to the employee for which rent paid by the employer is Rs. 6,000 p.m. The employee has enquired one month leave and was allowed leave salary of Rs. 17,000. Compute his income under the head salary for Assessment year 2019-20.

(Hint: Population of the city of accommodation is above 25 lakhs)

3. (a) Compute income from the other sources of Mr. Anupam for A.Y. 2021-22. (10)

	Rs.
i) Winning from Horse Race	10,000
ii) Loss in card games	3,000
iii) Winning from wager	25,000
iv) Amount received from winnings of lottery	66,500
v) Winning from T.V. show (Gross)	50,000

- (b) Mr. Shankar Lal's income particulars are as under: (10)
- i) He took a house on the rent of Rs. 1,000 per month and let it out again for Rs. 1,600 per month. Besides it he received Rs. 5,000 rent from his ownership house.
  - ii) Dividend from an Indian Company Rs. 4,000 (Gross).
  - iii) Speculation business profit Rs. 6,000 and Rs. 500 from cricket gambling.
  - iv) Agricultural income in Pakistan Rs. 10,000 was not brought in India. Rs. 18,000 income from agricultural land situated at Kanpur.

- v) Salary as an M.L.A. Rs. 30,000 and Daily Allowances Rs. 4,000.
- vi) Share in H.U.F. income Rs. 8,500.
- vii) Dividend received Rs. 6,000 from Co-operative Society.

Compute Income from other sources.

4. (a) Mr. Ashish, an owner of three houses, sells a residential house in Kolkata for Rs. 24,93,800 on 23<sup>rd</sup> May, 2020. This house was purchased by him on 1<sup>st</sup> April, 2007 for Rs. 8,00,000. On 30<sup>th</sup> May, 2020, he purchased a flat in Delhi for Rs. 8,70,000 for the purpose of residence of his son-in-law. On March 1, 2020, Mr. Ashish sells the house in Delhi for Rs. 12,10,000. Compute the capital gains arising on two transactions. Is Mr. Ashish eligible for exemption under Section 54 in respect of the second sale? Cost inflation index for the financial years 2007-08 and 2020-21 are 129 and 301. (10)

- (b) Mr. Ramakrishna derives income from estates in coffee, rubber and tea. He also has nursery wherein he grows plants and sells for the previous year ending 31<sup>st</sup> March, 2021. From the following particular of income from estates and sale of plants, compute the taxable income for the assessment year 2021-22. (10)

	Rs.
i) Manufacture of rubber	8,50,000
ii) Manufacture of coffee grown and cured	2,50,000
iii) Manufacture of tea	3,50,000
iv) Sale of plants from Nursery	1,00,000

5. Write short notes on the following: (4X5)
- (a) Entertainment Allowance
  - (b) Annual Value of House Property
  - (c) Income of minor child
  - (d) Deduction under Section 80QQB