

Reg. No.....

Name.....

**B.COM. DEGREE END SEMESTER EXAMINATION - OCTOBER 2024****SEMESTER 5: COMMERCE (OPTIONAL COURSE FOR FINANCE AND TAXATION)****COURSE: 19U50PCFT3: INCOME TAX LAW AND PRACTICE***(For Regular 2021 Admission and Supplementary 2020/2019/2018/2017/2016/2015 Admissions)*

Time: Three Hours

Max. Marks: 75

**SECTION A***Answer any 10 questions. Each question carries 2 marks.*

1. Explain the term 'Person'.
2. Describe Casual Income.
3. Explain Surcharge.
4. Discuss the valuation of accommodation provided by the employer to employee in a hotel.
5. Explain Annual Accretion.
6. Compare pension and family pension.
7. Discuss the tax treatment of paying guest accommodation.
8. Interpret PCI.
9. Explain the provisions relating to additional depreciation on plant and machinery.
10. Discuss the term 'Specified Business'.
11. Explain 'Indexing' process.
12. Compare STCG and LTCG.

 $(2 \times 10 = 20)$ **SECTION B***Answer any five questions. Each question carries 5 marks.*

13. Explain the determination of residential status of an HUF.
14. Discuss the deductions that can be availed under the head 'Income from House Property'.
15. Mr. Virat was employed in a private limited company. His basic salary as on 1st April 2021 was Rs.18,000. His annual increment was Rs.1,000 the date of which was 1st July of every year. He was also getting DA Rs.2,000 per month (50% enters into retirement benefits). The employer makes a contribution of Rs.3,000 towards the gratuity fund of the employee every year. Mr. Virat retired from the company on 30<sup>th</sup> November 2023 after rendering 26 years 7 months and 28 days of service. He received an amount of Rs.10,00,000 as gratuity. **Compute the taxable amount of gratuity**, if he was covered under the Payment of Gratuity Act 1972 salary.
16. Mr. Prashob is a Govt. employee in Kolkata. He was residing in his own house. With effect from 1.8.2022, he was transferred to Patna where he took a rented house for Rs.5,000 per month. His salary during the year included the following.
  - Basic pay Rs.24,000 per month
  - Dearness allowance (included for retirement benefits) Rs.4,000 per month
  - House rent allowance Rs.3,000 per month

**Compute taxable HRA**, if any, for the previous year 2023-24.

17. From the following information **compute the income from house property** of Ms. Remya for the financial year 2023-24.
- Municipal valuation - Rs.1,50,000
  - Fair rental value - Rs.1,80,000
  - Standard rent - Rs.1,60,000
  - Actual rent receivable - Rs.20,000 per month
  - Municipal taxes 4%, half of which is paid by Ms. Remya and the other half paid by the tenant.
  - Interest on loan taken for repairing the property Rs.40,000
18. On 1.4.2022 Mr. Mehra had three machines as given below. For which the rate of depreciation of 15% is applicable. Machine I- Rs.4,00,000, Machine II – Rs.6,00,000 and Machine III- Rs.8,00,000. During July 2022 he purchased a new machine for Rs.4,80,000. In June 2023 he sold the first two machines for Rs.25,00,000 and purchased another machine for 3,80,000. **Calculate depreciation** for the FY 2023-24.
19. Dr. Gupta, medical practitioner, furnishes his Receipts and Payments Account for the PY 2023-24. **Compute income from profession** of Dr. Gupta for the AY 2024-25.

Receipts	Amount (Rs.)	Payments	Amount (Rs.)
Balance b/d	28,000	Membership fees of Medical Association	1,000
Examiner's Fees	1,000	Household expenses	15,000
Visiting Fees	60,000	Rent of clinic	23,000
Sale of Medicine	1,20,000	Instalment of car purchased	60,000
Consultation fees	40,000	Income Tax	20,000
Salary as part time lecturer	5,000	Electricity, water etc	4,000
Gifts from patients	10,000	Car expenses	30,000
Retainer fees from G Ltd	3,000	Medicine purchased	80,000
Interest on Post Office Savings Bank Account	3,000	Salary to staff	20,000
Interest on Govt. Securities	31,000	Gifts to wife	10,000
		Surgical equipments	30,000
		Balance c/d	8,000
	<b>3,01,000</b>		<b>3,01,000</b>

*Other information:*

- 1/3 of motor car relates to his personal use.
  - Depreciation on motor car @ 15% and surgical equipment @ 15%
20. Mr. Krishna purchases 500 equity shares of Rs.10 each for Rs.40 per share in 2009-20 and incurs an expenditure of Rs.400 on brokerage. In May 2012 he receives 100 bonus shares. In September 2023 he gets 100 right shares for Rs.20 each. He sold 100 bonus shares in November 2023 at Rs.90 per share and 100 right shares @Rs.30 per share in Dec 2023. **Compute capital gains for the AY 2024-25.** CII for 2012-13 is 200 and 23-24 is 348.

(5 × 5 = 25)

## SECTION C

Answer **any three** questions. Each question carries **10** marks.

21. Explain the valuation of allowances under the head 'Income from Salary'.
22. Discuss the exempted Capital Gains in detail.
23. Incomes of Ms.Yamini for the Previous Year 2023-24 are as follows:
- Income from house property situated in India, received in Iran → Rs.15,000
  - Income from house property situated in Bhutan, received there → Rs.7,000
  - Interest on securities issued by Government of India, received in United States and spent there on education of children → Rs.30,000
  - Profit from business in Myanmar, which is controlled from India → Rs.30,000
  - Income from profession set up in India, half of which received in France → Rs.20,000
  - Gift received from father-in-law → Rs.20,000
  - Total gifts received from non-relatives Rs.1,80,000 out of which Rs.1,20,000 received on the occasion of marriage of Ms. Yamini himself → Rs.1,80,000
  - Interest on Bonds issued by Government of Canada, received and spent there → Rs.5,000
  - Pension from former employer in India, but received in United Kingdom → Rs.30,000
  - Pension from former employer in Spain but received in India directly → Rs.20,000
- Compute the Gross Total Income for the Assessment Year 2024-25**, if he is Ordinary Resident, Not-Ordinary Resident and Non-Resident.
24. From the Profit and Loss Account for the relevant Assessment Year 2024-25, **compute income from business** of Shri. Rao:

Salaries	88,000	Gross profit	3,80,000
Rent	42,000	Sundry receipts	20,000
General expenses	20,000	Dividend	40,000
Advertisement	25,000	Commission	30,000
Legal expenses	15,000	Bad debt recovered (allowed earlier)	10,000
GST	10,000	Rent of building let out	44,000
Telephone expenses	12,000		
Gratuity paid	30,000		
Provision for bad debts	30,000		
Advance income tax	20,000		
Depreciation	38,000		
Office expenses	12,000		
Municipal tax on let out property	10,000		
Contribution to employee PF	6,000		
Net Profit	1,66,000		
	<b>5,24,000</b>		<b>5,24,000</b>

*Other information:*

- Legal expenses were found to have been incurred for the registration of a business asset.
- 50% of business premises was used for residential purposes.
- General expenses include a donation of Rs.10,000 towards Chief Minister's Relief Fund
- Advertisement expenses were paid in cash.
- Allowable depreciation as per income tax rules is Rs.46,000

25. From the following information, **compute the income from house property**. Fair Rental Value of the let-out property Rs.72,000, Standard rent as per Rent Control Act Rs.60,000. The property has been let out at the rate of Rs.7,000 per month. Municipal taxes paid by him during the year were: 2022-23 - Rs.10,000 and 2023-24- Rs.10,000.

*Other information:*

- House remained vacant for two months during the previous year.
- Unrealised rent received during the year 2023-24 - Rs.20,000 (allowed earlier)
- Arrears of rent received during the year - Rs.10,000
- Interest due for the year 2023-24 on loan taken to renovate the building Rs.20,000

(3 × 10 = 30)