

Reg. No.....

Name.....

**B.COM. DEGREE END SEMESTER EXAMINATION: OCTOBER 2025****SEMESTER 5: COMMERCE (OPTIONAL COURSES FOR FINANCE AND TAXATION)****COURSE: 19U5OPCFT3: INCOME TAX LAW AND PRACTICE***(For Regular 2023 and Supplementary 2022/2021/2020/2019/2018/2017/2016/2015 Admissions)*

Time: Three Hours

Max. Marks: 75

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

1. Explain the term deemed assessee.
2. Describe GTI.
3. Discuss agricultural income.
4. Explain the tax treatment of VRS.
5. Discuss the tax treatment of the entertainment allowance to Govt. employees.
6. Cite any four taxable allowances.
7. Explain Composite Rent.
8. Discuss the term Co-ownership.
9. Summarise Block of Assets.
10. Discuss the tax treatment of Patent Right in business.
11. Explain the term 'Transfer' for the purpose of capital gain.
12. Differentiate STCG and LTCG.

**(2 x 10 = 20)****PART B***Answer **any five** questions. Each question carries **5** marks.*

13. Describe PF. Explain its different kinds and tax implications.
14. Explain the terms: (a) Pre Construction Interest, (b) Composite Rent.
15. Mr. Raj Singh settled in Australia has the following incomes during the current financial year.  
**Compute Gross Total Income** of Mr. Raj Singh, if he is an Resident and Ordinarily Resident.
  - Income from agriculture in Australia, remitted to India - Rs.2,00,000
  - Income from agriculture in Punjab, received in Australia - Rs.4,00,000
  - Income earned from another business in Kuwait, business being controlled from India Rs.1,00,000 (Rs.25,000 is received in India)
  - Dividend from a US company received in Australia - Rs.2,50,000
  - Profit from a business in Delhi, controlled from Australia - Rs.7,00,000
  - Profit from business in Maldives, the business is controlled from Delhi (50% of the profit deposited in a bank there and 50% is remitted to India)- Rs.5,00,000
16. Mr. Sharath is getting a pension of Rs.10,000 p.m. During the year he commuted 2/3 of his pension and received Rs.3,50,000. Compute his taxable **commuted pension** if he : (i) Received gratuity and (ii) Did not receive gratuity (Assume the pension is due on the last day of the same month).

17. Calculate Income from House property from the following details.

MRV-3,20,000

FRV-3,60,000

SRV-3,40,000

Actual rent-30,000 pm.

During the year the assessee could not realize rent for 1 month and the house was vacant for 2 months.

18. Compute **depreciation allowable** for the PY, with the following information:

- WDV of plant and machinery on 1-4-2024 is Rs.3,10,000
- Plant and machinery purchased in June 2024 is Rs.1,50,000
- Plant and machinery purchased in January 2025 is Rs.50,000
- Part of plant and machinery sold in February 2025 is Rs.50,000
- Rate of depreciation 10%

19. From the following P & L a/c of Mrs. Maya, ascertain **taxable profit**.

Profit and Loss a/c for the year ended 31.03.2025			
Particulars	Amount	Particulars	Amount
Salaries	14,800	Gross Profit	1,25,000
General expenses	12,550	Miscellaneous receipts	2,000
Bad debts reserve	3,000	Commission earned	4,000
Income tax	1,500	Interest on Govt. securities	3,000
Gifts and presents	2,000	Dividend from Indian Company	10,000
Life insurance premium	1,300		
Fire insurance premium(shop)	1,000		
Commission paid	15,000		
Audit fee	2,750		
Interest on Capital	4,500		
Discounts allowed	6,000		
Trade expenses	24,500		
Net profit	55,100		
	<b>1,44,000</b>		<b>1,44,000</b>

Depreciation allowance eligible for the business Rs.8,500. General expenses include Rs.2,000 being the cost of a table purchased for domestic use. Commission was paid in cash.

20. Mr. X provides the following information regarding the sale of his residential house.

- House purchased in 2003-04 - Rs.5,00,000
- Sold in January 2025 - Rs.50,00,000
- Purchased another residential house in February 2025 - Rs.10,00,000
- Invested in bonds of Rural Electrification Corporation Ltd. in March, 2025 - Rs.15,00,000
- Invested in bonds of National Highway Authority of India in March 2025 - Rs.5,00,000

Compute the amount of **capital gain** to be included in the total income for the previous year 2024-25.

The CII: 2003-04 - 109; 2024-25 – 363

(5 x 5 = 25)

### PART C

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

21. Explain how the residential status of an individual is determined.

22. Mr. John working as manager of Core Ltd. Mumbai, provides the following information for the PY. Compute his income from Salary and tax liability under old and new regime.

- Basic salary - Rs.1,44,000
- Dearness allowance (50% included for retirement benefits) - Rs.1,44,000
- He gets 0.5% commission on the annual turnover of the company. The turnover of the company during the year was Rs.50,00,000
- Bonus Rs.50,000
- Gratuity (While in service) - Rs.30,000
- Own contribution towards RPF Rs.30,000 while the employer's contribution towards RPF is 20% of basic salary. Interest credited to the fund account @ 15%, Rs.6,500 more than the prescribed limit.
- A video camera of the company (Cost Rs.85,000) was given to him for personal use.

23. Determine the income from house property in the following case for the year 2024-25. Two third portion of the house is self occupied and one third is let out for Rs.12,000 per month. The let out portion remained vacant for two months. Further, the tenant did not pay one month rent but he is still residing in the house. Municipal tax Rs.5,000 was paid during the year. Interest on loan taken in 2022 for construction of the house, Rs.1,20,000 was due but not paid till 31.03.2025.

24. Shri. Prem Kumar is a Chartered Accountant. He has prepared the following Income & Expenditure Account for the year ending 31<sup>st</sup> March 2025:

Expenses	Amount	Income	Amount
Office expenses	10,000	Audit fees	3,70,000
Employee's Salary	5,000	Gift from Father in Law	5,050
Books other than annual publication	5,500	Dividend	8,500
Personal expenses	3,02,000	Profit on Sale of Investment	6,450
Donation to NDF	500		
Interest on loan	700		
Income Tax	13,300		
Car expenses	2,000		
Net surplus	51,000		
	<b>3,90,000</b>		<b>3,90,000</b>

You are required to compute his **Professional Income** for the AY considering following points:

- The car is used equally in official and personal purpose and allowed depreciation for official work is Rs.500
- Loan has been taken for personal purposes
- Allow depreciation on books @ 40%

25. Mr. Nimish had a residential house which he purchased in 2001-02 for Rs.3,00,000. The house was acquired by the Govt. in December 2024 and a compensation of Rs.16,39,000 was paid to him. Immediately he purchased a residential house for Rs.16,00,000. An additional compensation of Rs.3,00,000 was given in November, 2025. He sold the new residential house in December 2025 for Rs.18,00,000. Compute the amount of capital gain chargeable to tax for the years 2024-25 and 2025-26. CII 2001-02 - 100, 2023-24 - 348 and 2024-25 - 363.

**(10 x 3 = 30)**

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