

M. COM DEGREE END SEMESTER EXAMINATION - OCTOBER 2025**SEMESTER 3: COMMERCE****COURSE: 24P3COMT12: BUSINESS TAXATION - LAW AND PRACTICE***(For Regular - 2024 Admission)*

Time: Three Hours

Max. Weights:30

PART A**Answer any 8 questions****Weights:1**

1. What is set-off and carry forward of losses? (A CO3)
 2. What do you mean by "Incidence of Tax"? (R)
 3. How is cost of bonus share and Rights Share determined (U CO3)
 4. What is the tax treatment of URPF? (U)
 5. What is 'transfer' for the purpose of capital gains? (U)
 6. How is 'Pension' and Commuted Pension taxed? (A, CO2)
 7. Explain the tax implications of dividends received by an assessee. (U)
 8. Explain the tax treatment of municipal taxes while determining income from house property? (U)
 9. What is the difference between 'Direct Tax' and 'Indirect Tax'? (U)
 10. What do you mean by 'annual accretion'? (U)
- (1 x 8 = 8)**

PART B**Answer any 6 questions****Weight:2**

11. Compute taxable income from house property from the following particulars: (U)

	₹
Fair Market Rent	80,000
Actual Rent	72,000
Municipal Valuation	50,000
Standard Rent	60,000
Municipal Taxes	20%
Interest paid	18,000

What will be your answer if there is 2 months vacancy.

12. Explain the interest incomes exempt u/s 10 (15) (I)
13. Ms. Anita Menon retired on 1st September 2024 and received ₹ 4,20,000 as leave encashment at the time of retirement. She had 24 years and 4 months of service. The company allows 45 days of leave for every completed year of service, and during her career she had already availed 9 months of leave.

At the time of retirement, her monthly pay details were as follows:

Component	Amount (₹ per month)	Remarks
Basic Salary	48,000	
Dearness Allowance	12,000	60% forming part of pay
House Rent Allowance	7,000	
Bonus	5,000	

Compute the taxable portion of leave salary, if any, for the Previous Year 2024–25 (Assessment Year 2025–26). –

(A CO 3)

14. Ms. Anu Nair, an Indian citizen, left India for the first time on 15th November 2024 to take up employment in the United States of America (USA). Determine her residential status for the Previous Year 2024–25 (Assessment Year 2025–26) under the provisions of the Income Tax Act, 1961.

(A CO 1)

15. Mr. Ramesh Nair purchased a residential house on 1st July 2000 for ₹ 62,000 (including 12% stamp duty).

The fair market value of the property on 1st April 2001 was ₹ 55,000.

He incurred the following additional expenses over the years:

- (i) Construction of a garage in June 2003 – ₹ 40,000
- (ii) Renovation of the building in February 2019 – ₹ 70,000

The house was sold on 5th April 2024 for ₹ 1,05,00,000 (buyer paid stamp duty at the rate of 12%).

Mr. Ramesh made the following investments and expenditures:

- (i) On 10th May 2024, he invested ₹ 30,00,000 in NHAI Bonds (for claiming exemption under Section 54EC).
- (ii) On 20th July 2024, he purchased a new residential house for ₹ 20,00,000 (including 6% stamp duty on value of ₹ 18,86,800).
- (iii) In September 2024, he spent an additional ₹ 2,50,000 for constructing A balcony in the new house.

Compute the taxable capital gain, if any, for the Previous Year 2024–25

(Assessment Year 2025–26).

(An, CO 4)

16. From the following information of Mr. Aravind Kumar, compute his Income Tax

Payable for the Assessment Year 2025–26 (Previous Year 2024–25)

(A CO 4)

- (i) Gross Salary – ₹ 6,20,000
- (ii) Interest earned on National Savings Certificate (N.S.C.) – ₹ 12,000
- (iii) Interest on Savings Bank Deposits – ₹ 4,500
- (iv) Medical expenditure incurred on maintenance and rehabilitation of a physically handicapped dependent father – ₹ 55,000.
- (v) Contribution to Recognised Provident Fund (R.P.F.) – ₹ 36,000.
- (vi) Life Insurance Premium paid (for self and spouse) – ₹ 15,000.
- (vii) Donation to Prime Minister's National Relief Fund (PMNRF) – ₹ 5,000

Compute his **Total Income** and **Tax Payable** for A.Y. 2025–26 after considering eligible deductions under **Chapter VI-A**.

17. Differentiate between Short term capital gain and Long term Capital gain with suitable examples. (U CO5)
18. Dr. **Rajesh Menon** is a registered medical practitioner. He keeps his books on a **cash basis**, and his **summarized cash account** for the year ended **31st March 2025** is as follows:

Receipts	₹	Payments	₹
Balance b/d	1,22,000	Cost of medicines	10,000
Loan from bank (for private purpose)	3,000	Surgical equipment	8,000
Sale of medicines	25,250	Motor car	1,20,000
Consultation fees	1,55,000	Car expenses	6,000
Visiting fees	24,000	Salaries	4,600
Interest on Govt. securities	4,500	Rent of dispensary	4,000
Rent from property (not subject to local tax)	3,600	General expenses	360
Withdrawal from bank	300	Personal expenses	1,11,800
Insurance of property	200	Life insurance premium	3,000
Balance c/d	71,550		
Total	3,37,350	Total	3,37,350

Compute his **income from profession** and **income from house property** for the **Previous Year 2024–25 (Assessment Year 2025–26)**, taking into account the following additional information:

- One-third of **motor car expenses** are in respect of **personal use**.
- Depreciation allowable** on **motor car and surgical equipment** is **15%** each. (A CO 5)

PART C

Answer any 2 questions

Weight:5

19. Explain in detail the valuation of any five taxable perquisites (U CO 2)

20. Mr. **Rohit Varma** (56) is a **resident individual** who retired from **Zenith Ltd.** on

31st January 2025 after completing **20 years and 9 months** of service. He joined **Nova Ltd.** on the very next day.

He provides the following information for the **Previous Year 2024–25 (Assessment Year 2025–26)**:

1. Salary and Allowances from Zenith Ltd. (for the period 1.4.2024 to 31.1.2025)

Basic salary per month – ₹ **22,000**

Dearness allowance (forms part of salary) per month – ₹ **6,000**

Commission @ **5% on turnover of ₹ 5,00,000** achieved during the last 10 months before retirement (An CO 4)

Gratuity received (not covered by the Payment of Gratuity Act, 1972) – ₹ **3,90,000**

2. Salary and Allowances from Nova Ltd. (for the period 1.2.2025 to 31.3.2025)

Basic salary per month – ₹ **32,000**

Entertainment allowance per month – ₹ **1,200**

Fixed medical allowance per month – ₹ **2,400**

House rent allowance per month – ₹ **1,200**

Other Information:

- He resides in his own house, on which municipal tax of ₹ **6,000** and interest on loan of ₹ **2,80,000** (taken in 2004) were paid during the year.
- He is a partner in a firm from which he received a **share of profit of ₹ 60,000** during the year.
- He incurred a **loss of ₹ 5,200** from a **speculation business** during the year.
- He received ₹ **3,000** as **interest on Post Office Savings Bank Account** and ₹ **55,000** as **dividend** from a company in the **U.K.**
- Interest on fixed deposit in the name of his **minor daughter** ₹ **6,000 (gross)**.

(vi) He paid the following insurance premiums:

- a. ₹ 20,000 on a policy of ₹ 1,60,000 on the life of his minor daughter, and
- b. ₹ 12,000 for his own medical insurance.

Mr. Rohit Varma is totally confused with the computation of his total income and tax liability. You are required to **assist him by computing his Total Income and Tax Payable** for the **Assessment Year 2025–26**.

21. Mr. Arun Lal owns a large residential property in Kochi. 50% of the floor area is let out for residential purposes at a monthly rent of ₹ 24,000. 25% of the floor area is used by him for the purpose of his medical profession, and the remaining 25% is self-occupied for residential use. The portion let out remained vacant for two months during the year, and unrealised rent of ₹ 12,000 (allowed as deduction in A.Y. 2023–24) was recovered during the current year. (A CO 4)
- The following are the other particulars of the house:

Particulars	₹
Municipal Valuation	6,80,000
Standard Rent	9,20,000
Municipal Taxes Paid	90,000
Repairs	35,000
Interest on Capital borrowed for repairs	3,40,000
Ground Rent	10,000
Annual Charges	12,000
Fire Insurance Premium	15,000

Compute the taxable income from house property of Mr. Arun Lal for the Previous Year 2024–25 (Assessment Year 2025–26).

22. List out the Incomes which are exempt from Income Tax. Also mention in detail the provisions of Clubbing of Agricultural income and Non- Agricultural Income. (U CO 1)

(5 x 2 = 10)

OBE: Questions to Course Outcome Mapping

CO	Course Outcome Description	CL	Questions	T V
CO 2	Apply knowledge of income components and tax laws to identify different categories of taxpayers and comprehend their roles and obligations.	A	6	

Cognitive Level (CL): Cr - CREATE; E - EVALUATE; An - ANALYZE; A - APPLY; U - UNDERSTAND; R - REMEMBER;