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Reg. No.....

Name.....

M.Com DEGREE (C.S.S.) EXAMINATION, APRIL 2024

Third Semester

Faculty of Commerce

CM 010 302—INCOME TAX—LAW AND PRACTICE

(2019 Admission onwards)

Time : Three Hours

Maximum Weight : 30

Instructions : (Applicable for **Private Registration, 2020 Admission Onwards**) This question paper contains two sections. Answer section I questions in the answer book provided. Section II Internal examination questions must be answered in the question paper itself. Follow the detailed instructions given under section II.

Section I

PART A

*Answer any **eight** questions.*

Each question carries a weight of 1.

*Answer shall not exceed **one** page.*

1. How is residence of assesses determined for income tax purpose ?
2. Which are the interest incomes exempt from tax u/s 10 (15) ?
3. What do you mean by 'annual accretion' ?
4. How is unrealized rent treated for tax purposes ?
5. What is intra-head set-off ?
6. Write a notes on Bond Washing Transactions.
7. Mr. Lal a citizen is living in Delhi since 1965, left for Japan on 1st July 2019. He comes back to India on August 7, 2022. Determine his residential status for the assessment year 2023-24.
8. Mr. Sam owns a house property. It's annual letting value is Rs. 80,000. During the previous year it was let-out on a monthly rent of Rs. 7,000. He claimed the following expenses actually incurred by him. (i) Municipal taxes Rs. 8,000 ; (ii) Expenses for the recovery of rent of Rs. 600 ; (iii) Maintenance allowance paid to the step mother Rs. 12,000 annually which was a charge on the property according to his father's will. The house remained vacant for one month during the previous year. Find out the income from the house property for the A.Y. 2023-24.

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9. Mr. Amit has a house which is let-out for residential purpose. He had purchased this house for Rs. 65,000 in 2008-09. He sold this house on 15th June, 2021 for Rs. 6,00,000. He had purchased some jewelry in 2008-09 for Rs. 75,500. On 22nd February, 2023, he sold this jewelry for Rs. 7,20,800. Determine the taxable capital gains for the A.Y. 2023-24. Cost inflation index are 2008-09 137.2022-23-331.
10. After serving for 33 years and 9 months in Murthy Ltd.; Mr. A who is covered under the Payment of Gratuity Act retires from on 30th November, 2023. The employer pays him a gratuity of Rs. 9,00,000. His monthly basic salary at the time of retirement was 30,000. DA Rs. 9,000 and HRA Rs. 4,500. You are required to determine the amount of gratuity exempt u/s 10 (10) of the IT Act.

(8 × 1 = 8)

PART B

*Answer any **six** questions.
Each question carries a weight of 2.
Answer shall not exceed **two** pages.*

11. What is unabsorbed depreciation ? State the provisions regarding carry forward and set-off of unabsorbed depreciation.
12. Briefly explain the provisions relating to clubbing of income.
13. What do you mean by 'Transfer' and what are the transactions not regarded as transfer ?
14. Mr. Vinod owns a big house, 50 % of the floor area is let-out for residential purpose on a monthly rent of Rs. 22,500, 25 % of the floor area is used by the owner for the purposes of his Profession, remaining 25 % of the floor area is utilized for the purpose of his residence. Other particulars of the house are as follows : (i) Municipal valuation Rs. 6,00,000 ;(ii) Standard rent Rs. 9,00,000 ; (iii) Municipal taxes paid Rs. 80,000 ; (iv) Repairs Rs. 30,000 ; (v) Interest on capital borrowed for repairs Rs. 3,00,000 ; (vi) Ground rent Rs. 8,000 ; (vii) Annual charges Rs. 10,000 ; and (viii) Fire insurance premium Rs. 12,000. Compute the taxable income from house property of Mr. Vinod for the A.Y. 2023-24.
15. Mr. Tom gives you the following particulars from the books of Account. Compute his taxable business income for the year ending 31-3-2024 :

Net profit as per P & L A/c (before charging the following)—Rs. 5,75,000

Expenditure on family planning—Rs. 45,000

Lump-sum payment made for technical know how—Rs. 90,000

Entertainment expenditure—Rs. 30,000

Expenditure on acquiring Patent Right—Rs. 84,000

Expenditure on Advertisement paid in cash—Rs. 18,000

Amount paid to a Research Center for an approved research programme not connected with his business—Rs. 20,000

Provision for Excise Duty—Rs. 45,000

(He paid only Rs. 20,000 before filing IT return).

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16. Mr. Arul provides the following data regarding his transaction, for the sale of his residential house for the A.Y. 2023-24.

Compute the amount of capital gains to be included in the total income for the A.Y. 2023-24 :

House purchased in 2006-07—Rs. 9,04,000

Sold in November 2022—Rs. 60,00,000

Purchased another house in September 2022—Rs. 30,00,000

Cost inflation indices are as under :

2006-07—113 and 2022-23—289.

17. Calculate income from other sources from the information given below :

(a) Winning from lottery—Rs. 1,00,000

(b) Amount received from race winnings—Rs. 35,000

(c) Gifts received :

(i) Received 20,000 as gift from his friend.

(ii) Received Rs. 1,00,000 as gift from his elder brother.

(iii) Received Rs. 1,40,000 as gift on his marriage.

(iv) Received Rs. 80,000 as gift from his NRI friend.

(v) Another gift of Rs. 18,000 received from his friend.

18. From the following information compute the net tax. Payable by Mrs. Karuna from the A.Y. 2023-24 :

(a) Business income from sale of securities before deducting STT Rs. 5,39,000.

(b) Long term capital gains Rs. 20,000.

(c) Interest from banks on FD Rs. 22,000.

(d) Lottery winnings Rs. 20,000.

(e) Securities transaction tax paid Rs. 9,000.

(f) Deposited in PPF Rs. 12,000.

(6 × 2 = 12)

PART C

*Answer any **two** questions.*

Each question carries a weight of 5.

*Answer shall not exceed **five** pages.*

19. Professor Gupta working as a lecturer in Delhi University, Delhi. Following are the details of his income for the previous year 2022-23 :

Basic salary per month—Rs. 16,800

Dearness Allowance at 100 % of salary

Transport allowance—Rs. 75,800

HRA—Rs. 72,000

Remuneration as an examiner—Rs. 4,000

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He is a member of SPF to which he contributes 8 % of his salary, the University is contributing an equal amount. During the previous year he spent Rs. 2,000 on books purchased for teaching purpose. He lives in a rented house, the rent payable being Rs. 7,000 p.m.

His other incomes are : (i) Interest on Post Office SB A/c in joint names Rs. 8,000 ; and (ii) Interest on Savings A/c in a Bank Rs. 8,000.

Compute his total income for the A.Y. 2023-24.

20. The following information are given in respect Dr. (Mrs.) Venue, aged 67 years and as resident of India. Compute tax liability for the A.Y. 2023-24 :

- (a) Pension—Rs. 1,31,000
- (b) Interest on Bank Time Deposit—Rs. 60,000
- (c) Dividend received on units on UTI—Rs. 8,000
- (d) She deposited in PPF during the previous year Rs. 10,000
- (e) Received share in the income of HUF—Rs. 8,000
- (f) Examinership remuneration received—Rs. 4,000
- (g) Income from business—Rs. 5,00,000.

21. The particulars of income of Mr. Kiran are as under for the year ending on 31st March 2023 :

- (a) Profit from sole trading concern Rs. 60,000.
- (b) Rent received from house property Rs. 48,000.
- (c) Share of profits from association of persons Rs. 48,000.
- (d) Dividend from an Indian Company (Gross) Rs. 15,000.
- (e) Long term capital loss on jewelry Rs. 45,000
- (f) Long term capital gains on sale of other assets Rs. 3,72,000.
- (g) Business losses Rs. 96,000 brought forward from the previous year.

Calculate gross total income of Mr. Kiran.

22. Mr. Anoop owns a residential house in Mumbai. The house has two units ; first unit is self-occupied by Mr. Anoop and the second unit is rented for Rs. 8,000 p.m. The let out unit was vacant for two months during the year. The other particulars of the houses are given below :

- (a) Standard rent—Rs. 1,62,000
- (b) Municipal valuation—Rs. 1,90,000
- (c) Fair rental value Rs. 1,85,000
- (d) Municipal tax 15 % of municipal valuation





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- (e) Light and water charges—Rs. 500 p.m.
- (f) Interest on capital borrowed for the house—Rs. 1,500 p.m.
- (g) Lease money—Rs. 1,200 per annum.
- (h) Insurance charges Rs. 3,000
- (i) Repairs—Rs. 12,000 per annum.

Compute income from house property for the year 2023-24.

(2 × 5 = 10)

