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Reg. No.....

Name.....

**M.Com. DEGREE (C.S.S) EXAMINATION, OCTOBER 2024**

**Third Semester**

Faculty of Commerce

CM 010 302—INCOME TAX—LAW AND PRACTICE

(2019 Admission onwards)

[Common for all Branches]

Time : Three Hours

Maximum Weight : 30

**Section A**

*Answer any **eight** questions.*

*Weight 1 each.*

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

1. What is section 115BAC of the Income Tax Act ?
2. What is partly agricultural income ? Give two examples.
3. Distinguish between Recognized Provident Fund and Unrecognized Provident Fund.
4. What are the deductions allowed from the annual value of house Property while computing the income from house property ?
5. Define capital gains. What is section 54F under capital gains ?
6. What is deemed income ? Explain with supportive examples.
7. From the following information compute taxable income from salaries of Mr. X for the Assessment Year 2024- 25 :

Basic salary Rs. 60,000 p. m., dearness allowances 20 % of basic Salary, telephone allowances Rs. 500 p. m., medical insurance premium paid by the employer on the health of the employee Rs. 4,000. Employer provided the facility of laptop costing Rs. 50,000 and computer costing Rs. 40,000 for personal use. Mr. X paid employment tax Rs. 2,000.





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8. Determine the annual value of house of Mr. P for the A.Y. 2024-25. Municipal value Rs. 1,50,000, fair rent Rs.1,70,000 and actual rent per month Rs. 15,000. Municipal tax paid by landlord 10 % of M.V. Unrealized rent Rs. 25,000.
9. From the following information, compute the capital gains for the A.Y. 2024-25.
- Cost of acquisition of residential house in 2003-04 Rs. 5,45,000
- Sale consideration on 1.7.2023, Rs. 39,00,000.
- Cost of acquisition of new house prior to the date of filling the IT return Rs. 30,00,000.
- The cost of inflation index in 2003-04 and in 2023-24 was 109 and 345 respectively.
10. Compute income from other sources of Mr. Z from particulars given below for the A. Y. 2024-25:
- (i) Interest (gross) on deposits with a company—Rs. 10,000.
  - (ii) Remuneration from university for working examiner—Rs. 8,000.
  - (iii) Royalty of writing books—Rs. 80,000. He claimed to have spent on writing these books—Rs. 20,000.
  - (iv) Family pension received—Rs. 48,000

(8 × 1 = 8)

### Section B

*Answer any **six** questions.*

*Weight 2 each.*

*Answer shall not exceed **two** pages.*

11. How is the residence of assesses determined for income tax purposes ?
12. Define perquisites under IT Act. How will you value taxable perquisites ?
13. Explain the provisions regarding carry forward and set-off of losses.
14. Explain the deductions u/s 80C, 80D and 80G of IT Act.





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15. Mr. Smart retires from a company on 4<sup>th</sup> January, 2024 after serving 16 years. At the time of retirement, his basic salary was Rs. 88,000 p.m. and he was also entitled to D.A. of Rs. 16,000 p.m. On the retirement, he received Rs. 12,00,000 as gratuity. He is covered under the Payment of the Gratuity Act. Compute the taxable amount of gratuity.
16. From the following information compute the depreciation allowance for the A.Y. 2024-25 :
- 1 W.D.V. of plant and machinery on 1-4-2023 Rs. 12,00,000.
  - 2 Plant and machinery purchased on 15-5-2023 for production department Rs. 10,00,000.
  - 3 In 1<sup>st</sup> June 2023 the assessee purchased the following assets :
    - (i) Office appliances—Rs. 1,00,000.
    - (ii) Air-conditions for guest house—Rs. 60,000.
    - (iii) Car—Rs. 4,00,000.
  - 4 Plant and machinery purchased on 10-11-2023 for production department Rs. 3,00,000.
17. From the following information compute the Gross Total Income of Mr. Short :
- 1 He instructed to the bank that interest on his fixed deposit receipt—Rs. 50,000 for that year be credited to the SB account Mr. Young, son of his brother.
  - 2 He gifted a flat to his wife on 1-4-2023. The income from house property (computed) for the previous year was—Rs. 1,00,000.
  - 3 Cash gift received by minor daughter Tara from a friend of Short—Rs. 40,000.
  - 4 Income of minor married daughter Anitha from deposit in a bank—Rs. 25,000.
  - 5 Minor son's income from a fixed deposit in a bank—Rs. 800.
18. The gross total income of Mr. Y, a resident individual, for the A. Y. 2024-25 is Rs. 2,56,500. He paid the premium on the health Insurance of dependent parents by cheque Rs. 5,000. He donated by cheques Rs. 20,000 to NDF, Rs. 25,000 to PM's Drought Relief Fund, Rs. 30,000 to a Public Charitable Institution and Rs. 20,000 to National Illness Assistance Fund. Compute his total income.

(6 × 2 = 12)

**Turn over**





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### Section C

*Answer any **two** questions.*

*Weight 5 each.*

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

19. Mr. Shoji is a resident of India. He furnishes the following information about his income during the previous year 2023-24 :

- (i) Business and professional income—Rs. 67,000.
- (ii) Capital gains—Rs. 10,500 from a house which he acquired in 2022-23.
- (iii) On 31<sup>st</sup> August, 2023 he sold equity shares of XY Ltd., for—Rs. 1,50,000, which was purchased by him 1<sup>st</sup> April, 2005 for—Rs. 1,17,500.
- (iv) He sold an agricultural land for—Rs. 25,000 during the previous year. The land was owned by him for the last five years, which purchased for—Rs. 6,000. The land is situated in a village with a population of 8,000.
- (v) On 1<sup>st</sup> March, 2024 he sold a flat for—Rs. 11,00,000 which was purchased on 1<sup>st</sup> January, 1996 for Rs. 1,20,000. The fair market value of this flat was—Rs. 2,00,000 on 1<sup>st</sup> April, 2001.

Compute his taxable income from capital gains for the A.Y. 2024-25. Cost of inflation indices were :

|         |     |     |
|---------|-----|-----|
| 2001-02 | ... | 100 |
| 2005-06 | ... | 117 |
| 2023-24 | ... | 348 |

20. Compute the income from the house property from the following information :

Fair rent Rs. 72,000, standard rent Rs. 60,000 and let-out house Rs. 7,000 p.m.

Municipal tax paid @ 20 % of Municipal value

Previous year 2022—23 Rs. 10,000

Previous year 2023—24 Rs. 10,000





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*Other information are as follows :*

- (a) House remained vacant for two months during the previous year.
- (b) Unrealized rent allowed as a deduction in the A.Y. 2022—23 but received during the previous year 2023—24 Rs. 20,000.
- (c) Expenditure incurred on collecting unrealized rent Rs. 6,000.
- (d) Arrears of rent received during the previous year Rs. 12,000.

21. From the following information of Mr. Allen, a Chartered Accountant, compute taxable income from profession for the A.Y. 2024-25.

| <i>Receipts</i>       |     | Rs.      | <i>Payments</i>          |     | Rs.    |
|-----------------------|-----|----------|--------------------------|-----|--------|
| Consultation fees     | ... | 2,50,000 | Office rent              | ... | 25,000 |
| Gifts from client     | ... | 20,000   | Stipend to clerk         | ... | 20,000 |
| Gifts from father-in- |     |          | Professional books       |     |        |
| Law                   | ... | 30,000   | (not annual publication) |     |        |
| Appellate Tribunal    |     |          | Purchased                | ... | 18,000 |
| Appearance            | ... | 10,000   | Charitable donation      |     |        |
| Fees for drafting     |     |          | by cheque                | ... | 4,000  |
| Memorandum of Asso.   | ... | 12,000   | Professional tax         | ... | 2,000  |

Allow depreciation on books @ 40 %.

22. From the following information compute the total income of Mr. Happy for the A.Y. 2024-25 :

- 1 Salary—Rs. 40,00,000.
- 2 Pension—Rs. 60,000.
- 3 Income from house property—Rs. 1,00,000.
- 4 Long-term capital gains—Rs. 60,000.
- 5 Short-term capital gains u/s 111A—Rs. 20,000.





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- 6 Interest on term deposits in a bank (gross)—Rs. 25,000.
- 7 Life insurance premium on a policy of—Rs. 1,00,000 on his life (taken in 2016-17)—  
Rs.—12,000
- 8 Medical insurance premium for Mrs. Happy by cheque—Rs. 30,000
- 9 Explain on medical treatment of disabled dependent son—Rs. 20,000.
- 10 Deduction to PM's National Relief Fund by cheque—Rs. 20,000.
- 11 Rent paid for furnished house (he is not receiving H.R.A. from employer)—  
Rs. 8,000 p.m.

(2 × 5 = 10)

