

Reg. No. :

Code No. : 31041 E

Sub. Code : EMCO53

B.Com. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2025.

Fifth Semester

Commerce

Major Core — INCOME TAX LAW AND
PRACTICE – I

(For those who joined in July 2023 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. A person who has to pay tax (or) other sum of money payable under IT is
 - (a) An assessee
 - (b) A client
 - (c) A debtor
 - (d) A creditor

2. The basic objective of taxation is
- (a) to procure resources
 - (b) to provide incentive to save
 - (c) to check inflation
 - (d) to achieve reduction in consumption of goods
3. Income tax is levied as a
- (a) direct tax (b) indirect tax
 - (c) local tax (d) wealth tax
4. Income received in India is taxable in hands of
- (a) resident only
 - (b) resident and ordinary resident only
 - (c) non-resident only
 - (d) all assesses
5. House rent allowance is _____
- (a) fully exempted
 - (b) partly taxable
 - (c) fully taxable
 - (d) actual rate paid alone is taxable

6. Statutory limit for exemption of gratuity received by non-govt employee is _____
- (a) Rs. 3,00,000 (b) Rs. 5,00,000
 - (c) Rs. 3,50,000 (d) Rs. 2,00,000
7. GAV of letout house is
- (a) Higher to ERV or actual rent
 - (b) Least of ERV or actual rent
 - (c) Lower of FMV or MRV
 - (d) None of these
8. Unrealised rent allowed earlier and recovered later on is
- (a) income from house property
 - (b) income from other services
 - (c) exempted income
 - (d) to be ignored
9. If a depreciable asset is acquired and used for less than 180 days in a financial year depreciation allowed or, it is
- (a) Normal rate (b) 50% of normal rate
 - (c) Nil (d) None of above

10. For depreciable assets, the assets with same rate of depreciation are formed into

- (a) blocks (b) categories
(c) aggregates (d) none of the above

PART B — (5 × 5 = 25 marks)

Answer ALL questions choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Write short notes on :

- (i) Person
(ii) Assessee

Or

(b) What are the features of income tax?

12. (a) Mr. Pandi retired on 08.07.2023 after 32 years of service. He received Rs. 1,93,500 as leave encashment. His employer allows him 2 months leave for every year of service. 21 months salary has been already encashed by the employee while in service. Calculate the taxable amount of leave encashment if his salary during the calender year 2023 is Rs. 6,000 p.m and during 2022 is Rs. 5,875 p.m and falls due on last day of each month.

Or

(b) Write a short note on Gratuity.

Page 4 Code No. : 31041 E

13. (a) Explain exempted house property incomes.

Or

(b) When an assessee can claim unrealized rent?

14. (a) From the following P and L a/c calculate income from business.

	Rs.		Rs.
To Rent	40,000	By Gross profit	2,50,000
To Salary to employee	25,000	By House property income	1,50,000
To Depreciation	10,000	By Income from other sources	2,00,000
To Donation	8,000		
To net profit	5,17,000		
	<u>6,00,000</u>		<u>6,00,000</u>

- (i) Depreciation to be allowed as per income tax provision Rs. 8,000
(ii) Business income of Rs. 12,000 is not shown in the P and L a/c
(iii) Rs. 8,000 of the rent is of personal nature.

Or

(b) How are gifts and cash prizes taxed under income from other sources?

Page 5 Code No. : 31041 E

15. (a) What are the deduction that can be claimed U/S 10?

Or

- (b) Explain about the cannons of taxation.

PART C — (5 × 8 = 40 marks)

Answer ALL questions choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Define the term income under the Income Tax Act. What are its type?

Or

- (b) Explain about the objective of Taxation.

17. (a) Mr. Vasan a foreign citizen (not of Indian origin) comes into India on 25.03.2024 and it was his first trip to India in the last twenty years. He left India for Germany on 01.10.2023 for business purpose on 01.03.2024 he came back. Determine the residential status of Vasan for the A.Y. 24-25.

Or

Page 6 Code No. : 31041 E

- (b) Mr. Vignesh left for Belgium for the first time on 15.10.2020. He came to India only once during the financial year 2023-24 and stayed for a period of 55 days. Determine his residential status for the A.Y. 2024-25.

18. (a) An individual is in receipt of a

- (i) Salary of Rs. 12,000 per month
- (ii) 15 percent of which he contributes to a provident fund to which his employer contributes 14 percent
- (iii) He is provided with a rent-free house by the employer in Mumbai
- (iv) He also received from his employer Rs. 16,000 as bonus
- (v) The amount of interest credited to his provident fund at 10 percent per annum is Rs. 1,000

Ascertain his taxable salary for assessment year 2022-23 if the provident fund in question is

- (1) a provident fund to which the provident fund act 1925 applies
- (2) a recognized provident fund

Or

Page 7 Code No. : 31041 E

(b) A, a bank manager, gets Rs. 18,000 per month as salary and dearness allowance at 10 percent of the salary. He is getting entertainment allowance of Rs. 8,000 p.a. During the previous year ended 31st March, 2023. He received a bonus of three months salary. He is also provided with a rent-free house (unfurnished) in a town (whose population is less than four lakh) whose fair rent is Rs. 5,000 per month. Find out his income under the head 'Salaries' for the assessment year relevant to the previous year 2022-23.

19. (a) X owns a property. It is given on rent (rent being Rs. 11,000 per month) to a bank municipal value of the property is Rs. 1,30,000, fair rent is Rs. 1,40,000 and standard rent is Rs. 1,34,000 municipal tax paid by X is as follows - Rs. 26,000 on March 3 2022 and Rs. 30,000 on May 10 2022. On May 1 2022 rent is increased from Rs. 11,000 per month to Rs. 14,000 per month, with retrospective effect from April 1, 2021. Arrears rent 2021-22 are paid on May 1 2022. Find out the income from house property chargeable to tax for the A.Y 2021-22 and 2022-23.

Or

Page 8 Code No. : 31041 E

(b) Mr. X owns a house at Agra (municipal value Rs. 20,000) of the fair rent of Rs. 24,000 p.a. during the previous year 2020-21.

Expenses were :

Municipal taxes Rs. 6,000, Repairs Rs. 2,000, Fire insurance premium Rs. 3,500, Land revenue Rs. 4,000 and Ground rent Rs. 2,000. A loan of Rs. 30,00,000 was taken on 1st April 2018 @ 15% p.a. for construction of the house which was completed on 31st December 2019. Nothing was repaid on loan account so far. Find out his taxable income from house property for the assessment year 2021-2022. The house was self occupied throughout the P.Y.

20. (a) From the following P and L a/c calculate income from business for the A.Y 2021-22.

Particulars	Rs.	Particulars	Rs.
To Rent	6,000	By Gross profit	1,20,000
To Salary	12,000	By Dividend	15,000
To Advance income tax paid	3,000	By Income from HP	15,000
To Donation	5,000		
To Depreciation	7,000		
To Net profit	1,17,000		
	<u>1,50,000</u>		<u>1,50,000</u>

Page 9 Code No. : 31041 E

Additional Information :

- (i) Depreciation to be allowed as per I.T rules is Rs. 5,000
- (ii) 50% of rent is in connection with the domestic purpose

Or

- (b) Ram has given the following particulars regarding his income during the financial year 2021-22.

	Rs.
(i) Net profit as per P & L a/c (Before allowing for the expenditure)	3,75,000
(ii) Entertainment expenditure	25,000
(iii) Technical know how acquired before 01.04.18	6,000
(iv) Amount given to notified scientific research institute (not related to the business of the assessee)	8,000
(v) LIC premium for self	20,000
(vi) Fire insurance premium	19,000

Compute his business income for the A.Y 2022-23.