

Reg. No. :

Code No. : 22161 E Sub. Code : CEBE 51

B.Com. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2024.

Fifth Semester

Banking and E-Commerce

Elective – INCOME TAX LAW AND PRACTICE

(For those who joined in July 2021 & 2022 only)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. When was income tax levied in India for the first time?
 - (a) 1860
 - (b) 1886
 - (c) 1960
 - (d) 1961

2. Agricultural income is
- (a) Taxable
 - (b) Partially taxable
 - (c) Exempted
 - (d) Not considered while determining the tax rate
3. Deduction from entertainment allowance is allowed to
- (a) Private employees
 - (b) Semi-Govt employees
 - (c) Govt. employees
 - (d) All
4. Gift on social occasions given to employee is exempted upto
- (a) Rs. 5,000
 - (b) Rs. 10,000
 - (c) Rs. 15,000
 - (d) Rs. 20,000
5. Interest on loan borrowed for house construction is allowed as deduction in section
- (a) 24
 - (b) 30
 - (c) 22
 - (d) 16

6. The maximum deduction allowed for self occupied property, when loan is borrowed after 1999 and it is for construction or acquisition of house property is
- (a) Rs. 1,00,000
 - (b) Rs. 2,00,000
 - (c) Rs. 30,000
 - (d) Rs. 50,000
7. Rate of depreciation on furniture is
- (a) 10%
 - (b) 20%
 - (c) 15%
 - (d) 25%
8. Financial asset is treated as long term asset if it is held for more than
- (a) 12 months
 - (b) 24 months
 - (c) 36 months
 - (d) 48 months
9. Deduction in respect of higher education loan is allowed in respect of
- (a) Interest only
 - (b) Principal only
 - (c) Penal interest
 - (d) All of the above
10. Percentage of health and education cess for the PY 2023-24.
- (a) 1%
 - (b) 2%
 - (c) 3%
 - (d) 4%

PART B — (5 × 5 = 25 marks)

Answer ALL questions, by choosing either (a) or (b).
Each answer should not exceed 250 words.

11. (a) State the Incomes under the Income tax act.
Or
(b) Mr. Murali, an Indian citizen had been staying in Spain during 2001-2010, and in Germany from 01.04.2019 to 31.03.23. On 01.04.23 he came to India and has been staying here ever since. Determine his residential Status for the PY 2023-24.
12. (a) Outline the provisions related to Gratuity.
Or
(b) How will you determine the value of rent free accomodation?
13. (a) State the net annual value and unrealized rent.
Or
(b) From the following, calculate net annual value.
MRV Rs. 1,20,000 FRV Rs. 1,12,000 SRV Rs. 1,56,000 Actual rent Rs. 1,44,000
Municipal tax is 10% of municipal value and sanitation tax is 2%.
14. (a) Classify the provisions relating to depreciation in computing business income.
Or

- (b) Mr. Danish is a printing press owner. He sold a machine for Rs. 1,75,000 on 10.07.2023, which was acquired for Rs. 1,40,000 during 2020-21 and in respect of which Rs. 42,000 is allowed depreciation He paid a brokerage of 2%. Compute his capital gain for the P.Y. 2023-24 C.I.I. 2020-21-301 2023-24-348.

15. (a) Mr. Prasanna hay submitted the following information Compute his gross total income for the previous year P.Y. 2023-24.

Income from speculative business	24,000
Loss from speculative business	10,000
Income from specified business	15,000
Loss from specified business	20,000

Or

- (b) Mr. Anil's gross total income is Rs. 7,50,000. He has made the following donations. Compute his taxable income for the previous year 2023-24.
- National Defence Fund Rs. 20,000
 - Prime Minister's National Relief Fund Rs. 15,000
 - Prime Minister's Drought Relief Fund Rs. 18,000
 - Prime Minister's Earthquake Relief Fund in kind Rs. 10,000
 - Donation to a poor farmer Rs. 8,000.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, by choosing either (a) or (b)
Each answer should not exceed 600 words.

16. (a) Interpret the rules for determining the residential status for an individual.

Or

- (b) Following are the particulars of income of Hari Narayan Arora for the previous year ended 31st March 2024.

- (i) Royalty received from Govt. of India Rs. 24,000
- (ii) Income from business earned in Afghanistan Rs. 25,000 of which Rs. 15,000 were received in India. Business is controlled from India.
- (iii) Interest received from Aditya Kumar, a non-resident against a loan provided to him to run a business in India Rs. 5,000.
- (iv) Royalty received outside India from Alagannan a resident for technical services provided to run a business outside India Rs. 20,000.

- (v) Income from business in Jaipur Rs. 40,000. This business controlled from France Rs. 20,000 were remitted to France. From the particulars given, calculate taxable income of Had Narayan Arora if he is a, (1) resident of India, (2) not ordinarily resident of India and (3) non-resident of India in the previous year.

17. (a) Mr. Kiran retired on 30.09.23 after serving 23 years and 9 months. He was receiving a basic salary of 6,000 p.m. and as D.A 20% of his salary (50% D.A part of salary). On retirement he received 1,80,000 as gratuity. He was entitled to a pension of 3,600 p.m. from 01.10.23 He got 75% of pension commuted on 01.01.24 and received a sum of 1,20,000 as commuted pension. Compute his taxable gratuity, pension and commuted pension.

Or

- (b) Mr. Sanjay is an employee of a company in New Delhi. He submits the following particulars of his income from the company and you are asked to work out his taxable salary income for the previous year 2023-24.
- (i) Salary Rs. 18,000 per month
 - (ii) Bonus one month salary
 - (iii) Contribution to recognized provident fund 15% of salary, the company also contributing equal sum

- (iv) Interest credited to P.F at 10% p.a. amounted to Rs. 20,000 during the year
- (v) He received entertainment allowances from the company at Rs. 2,000 p.m. which he claims that he has fully spent for that purpose
- (vi) He received a gift worth Its. 12,000 from is employer
- (vii) Deposit in PPF Rs. 90,000
- (viii) Deposit in NSC Rs.40,000.

18. (a) Mr. Muthu Veera Pondy owns a house at Thenkasi (Municipal value 36,000) of the fair rent of 42,000 pa. During the previous year 2023-24 the house is, let out for residential purposes on a monthly rent of Rs. 5,000 from 1st April, 2022 to 30th June 2023 and self occupied for residential purposes for the remaining part of the year 2023-24. Municipal taxes 9,000 and collection charges 900 were paid during the year. Interest on loan paid during the year was 10,000. Find out his taxable income from house property for the P.Y.2023-24.

Or

Page 8 Code No. : 22161 E

- (b) Mr. Ravi is the owner of two houses. In respect of these he has furnished the following particulars:

Particulars	House A	House B
Date of completion of construction	(31.03.1997)	(01.07.2001)
Municipal rental value	3,60,000	6,00,000
Actual rent paid	3,00,000	60,000 p.m.
Municipal tax paid	36,000	30,000 (due)
Ground rent	1,000	7,800
Interest on loan taken for construction	50,000	1,82,000

Compute his income from house property for the Assessment Year 2024-25. Out of the municipal taxes of House A. Rs. 18,000 are paid the tenant.

19. (a) Mr. Chari bought a jewel for 10,00,000 on 15.11.20. He made an additional investment by attaching a diamond worth Rs. 5,00,000 to it on 05.05.2021. On 01.04.23 he sold that Jewel for 24,00,000. Expenses on transfer was 30,000. He made outright purchase of a residential house for 20,00,000 and deposited 4,00,000 in Capital Gain Account Scheme Compute his taxable capital gain for the P.Y 2023-24. [C. 1.1 for 2020-21: 301,2021-22: 317, 2023-24 348.

Or

Page 9 Code No. : 22161 E

(b) From the following details of Mr. Rajivkumar for the previous year 2023-24, ascertain the income from other sources. Directors fee from a company Rs. 12,000, Interest on bank deposit Rs. 2,000, Income from undisclosed source Rs. 3,000, Winning from lotteries (Net of taxes) Rs. 24,000, Lectures in Seminars Rs. 5,000, Interest on Post Office Savings Bank account Rs. 5,000, Interest on Government securities Rs. 2,700, Cash gift Rs. 54,000 from friend on the occasion of Shastiaptha Poorthi, ED and interest accrued assigned in his favour on his daughters wedding Rs. 52,000.

20. (a) Describe the procedure to compute the tax liability of an individual assessee.

Or

(b) Explain in detail the deduction u/s 80G.