

Reg. No. :

Code No.: 12245 E

Sub. Code: CEBE 51

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

Fifth Semester

Banking and E-commerce

Major Elective – INCOME TAX LAW AND PRACTICE

(For those who joined in July 2022 only)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. The definition of income is
 - (a) Inclusive
 - (b) Exhaustive
 - (c) Complex
 - (d) Simply

2. An assessee can be resident at the same time for tax purpose in _____ countries.
- (a) Two
 - (b) Three
 - (c) Four
 - (d) Any number of countries
3. Gratuity received by the government employee is
- (a) Partially exempted
 - (b) Fully exempted
 - (c) Fully taxable
 - (d) Exempted upto Rs.3,50,000
4. Employer contribution towards RPF is taxable in excess of _____ of salary.
- (a) 9%
 - (b) 9.5%
 - (c) 12%
 - (d) 15%
5. A standard deduction of _____ the net annual value is allowed as deduction u/s 24.
- (a) 30%
 - (b) 25%
 - (c) 40%
 - (d) 50%

6. A rent which a similar property can fetch in a similar locality is called
- (a) municipal value
 - (b) fair rental value
 - (c) actual rental value
 - (d) standard rent
7. Which one of the following is inadmissible expense
- (a) GST
 - (b) Sales tax
 - (c) Expenses on the assessment of income tax
 - (d) Income tax
8. Dividend from Indian company is
- (a) Taxable
 - (b) Not taxable
 - (c) Partially exempted
 - (d) None of these
9. Unabsorbed depreciation can be carried forward for set off for a period of
- (a) 4 years
 - (b) 8 years
 - (c) 12 years
 - (d) Infinite period
10. Health and Education cess is calculated on
- (a) Total income
 - (b) Taxable income
 - (c) Tax on total income
 - (d) Agricultural income

PART B — (5 × 5 = 25 marks)

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

11. (a) Define Person and Assessment Year.

Or

- (b) Mr. Vasu a foreign citizen, (not of Indian origin) comes to India on 25.03.23 and it was his first trip to India in the last twenty years. He left India for Germany on 01.10.23 for business purpose. On 01.03.24 he came back. Determine his residential status for the PY 2023-24.

12. (a) Define pension and the provisions related to pension.

Or

- (b) Mr. Kannan a resident of Trichy, receives Rs. 1,00,000 p.a. as basic salary and Rs. 20,000 p.a. as DA (2/3rd of which is forming part of salary) and he also receives a commission on purchases of Rs. 1,000 p.m. Bonus of Rs. 15,000 p.a. and HRA of Rs. 24,000 p.a. (rent paid at Trichy Rs. 30,000 p.a.) Calculate the taxable HRA.

13. (a) Explain provisions related to pre-construction interest in income from house property.

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- (b) From the following information of Mr. Hussain, ascertain the net annual value of the let out portion of the house for the previous year 2023-24.

Municipal value 20,000 p.a. Fair rental value 30,000 p.a. Standard rental value 36,000 p.a. Actual rent 3,500 p.m. Municipal tax is 20% of the municipal value. However as per agreement, 50% of it paid by the tenant.

14. (a) Distinguish between business and profession.

Or

- (b) Mr. Amarnath received the following gift during the P.Y 2023-24. Compute his taxable income other sources.

- (i) Rs. 22,000 as gift from his brother
- (ii) Rs. 10,000 as gift from his mother
- (iii) Rs. 30,000 as gift from his friend
- (iv) Rs. 40,000 as gift from his neighbour
- (v) Rs. 1,00,000 as gift received by a will from his grandfather.

15. (a) Appraise the provisions relating to section 80D.

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- (b) From the following details of Mr. Kesavan, compute his gross total income for the previous year 2023-24. Income from cotton business Rs. 75,000, Loss from hotel business Rs. 72,000, Loss from house property at Chennai Rs. 63,000, Income from house property at Trichy Rs. 47,000, Loss from speculative business Rs. 29,000, Short term capital loss Rs. 12,000, Long term capital gain Rs. 10,000, Income from salary Rs. 50,000.

PART C — (5 × 8 = 40 marks)

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

16. (a) Following are the incomes of Arunachalam for the PY 2023-24.

	Rs.
Profit from the business in Chennai	20,000
Income accrued in India but received in Singapore	4,000
Profit from business in USA but received in India	5,000
Income from house property in Trichy received in Kolkata	4,000
Profit from business abroad, controlled from India	15,000
Income from house property in Srilanka and deposited there	2,000
Past untaxed income brought into India	12,000

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Compute the total income of Arunachalam for the AY 2024-25 is he is

- (i) Resident
(ii) Not ordinarily resident
(iii) Non -resident.

Or

- (b) Mr. Singh an Indian citizen went to USA on 10th Oct 2015 and returned to India after two years stay from there. Again on 10th Oct 2019 he went to Iran but returned on 10th May 2023. He made another attempt to go abroad the finally succeeded to go to Canada. He left Delhi for Canada on 10th Feb. 2024. Find out his residential status for AYs 2023-24 and 2024-25.

17. (a) Mr. Arunkumar is working in ramco ltd in ramnad (population 20 lakh). He furnishes the following particulars regarding his income. Compute his taxable salary for the PY 2023-24. Basic salary 30,000 p.m. DA 12,000 p.m. Bonus 8,000 p.a. Commission (2% on turnover) 6,000. He is provided with a rent free furnished accommodation The fair rental value off is Rs. 4,000 p.m. He is provided with a small car for his personal and official use and all expenses of its running, maintenance and driver are met by the company.

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(b) Explain in detail the rules related to motor car perquisite.

18. (a) The particulars of a residential house completed on 31 May 1996 are given below:

Actual rent Rs. 9,600 Municipal taxes paid Rs.1,800 Ground rent Rs. 50 Insurance Rs. 80 Interest on amount borrowed for construction of the house Rs. 1,000 Collection charges actually paid Rs. 300. The assessee mortgaged the house for Rs. 36,000 to meet the expenses of his daughter's marriage and paid interest of Rs.3,000 on the mortgage loan during the year. The assessee also realized from his tenants of earlier years to the extent of Rs.8,000 out of which Rs. 6,000 was allowed earlier as deduction. Compute the total income for the assessee for the AY: 2024-25.

Or

(b) Explain the proforma for calculating income from house property.

19. (a) Following is the P and L account of Mr. Elavarasu for the year ending with 31.03.2024.

Particulars	Rs.	Particulars	Rs.
To Salary	8,000	By gross profit	3,21,000
To Office expenses	12,000	By Interest on Post office	
To rent	6,000	savings bank a/c	9,000

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Particulars	Rs.	Particulars	Rs.
To Household expenses	14,000	By sundry receipts	20,000
To Drawings	20,000	By Dividend	25,000
To postage	4,500	By Commission	25,000
To Advertising	27,500		
To Sales tax	26,000		
To General charges	14,000		
To Audit fee	7,000		
To interest on capital	3,000		
To Income tax	19,000		
To LIC premium	5,000		
To Net Profit	<u>2,34,000</u>		
	<u>4,00,000</u>		<u>4,00,000</u>

Additional Information:

Advertisement expenditure includes cost of neon sign board Rs. 25,000. General charges include Rs. 4,000 given to Ramakrishna mission as donation. Mr. Elavarasu carries out his business from rented premises half of which is used as his residence. Sales tax includes Rs. 6,000 due on 31.05.2023. But it was paid on 28.09.2023. Due date of filing the returns is 31.08.2023. Compute income from business for the P.Y 2023-24.

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(b) Mr. Dayaram acquired a residential house property on 15.05.15 for 4,50,000. He renovated it during 2018-19 at the cost of 3,00,000. He sold the residential house on 10.10.2023 for 28,00,000 for which he paid a commission of 28,000. He bought another residential house on 10.01.24 for 20,00,000. Compute the capital gain for the P.Y. 2023-24. C.I.I for 2015-16:254, 2018-19:280, 2023-24:348.

20. (a) Mr. Nirmal has furnished the following particulars for the previous year 2023-24. Compute his taxable income. Income from salary Rs. 3,00,000. Income from house property (Gross) Rs.90,000 Income from interest on securities Rs. 80,000. He made the following payments: Contribution to RPF Rs. 10,000 Medical insurance premium on self Rs. 32,000. Amount spent for medical treatment of his disabled son Rs. 30,000.

Or

(b) Explain the rates of tax under old regime and new regime.