

Reg. No. :

**Code No. : 31076 E Sub. Code : EMPA 53/
EMBE 53/EMHO 53**

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

Fifth Semester

**Professional Accounting / Banking and E-Commerce —
Honours**

INCOME TAX LAW AND PRACTICE

(For those who joined in July 2023 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL the questions.

Choose the correct answer :

1. Income tax is _____.

- (a) A direct tax (b) An indirect tax
(c) Business tax (d) Sales tax

2. Residential status to be determined for
(a) Assessment year (b) Previous year
(c) Current year (d) Account year
3. House rent allowance is _____
(a) Fully taxable (b) Partly taxable
(c) Fully exempted (d) None of these
4. Employer contribution to RPF is exempted upto
(a) 10% salary (b) 13% of salary
(c) 12 % salary (d) 11% of salary
5. Income from house property applicable

(a) Deductions u/s 20 (b) Deductions u/s 24
(c) Deductions u/s 28 (d) Deductions u/s 30
6. Maximum interest allowed on loan on or after
1.4.1999 for purchasing a house for own residence
is
(a) Rs. 30,000 (b) Rs. 1,00,000
(c) Rs. 2,00,000 (d) Rs. 3,00,000

7. Preliminary expenses shall be allowed as
deduction in
(a) 5 installments (b) 10 installments
(c) 15 installments (d) 12 installments
8. Bad debts allowed earlier and recovered latter on
is
(a) Business income
(b) Non-Business income
(c) Exempted income
(d) Income from other sources
9. Unabsorbed depreciation can be carried forward
for
(a) 8 years (b) 4 years
(c) 10 years (d) Unlimited period
10. Donation to NDF is allowed as deduction at the
rate of
(a) 100% (b) 50%
(c) 10% (d) Nil

PART B — (5 × 5 = 25 marks)

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

11. (a) Define “Resident of India” and “Non-Resident of India”.

Or

- (b) Mr. Rajan left for Singapore on 15.3.2022 after staying in India for 15 years. He returned to India on 31.8.2024. What will be his residential status for the assessment year 2025-26?
12. (a) Mr. A is salaried employee working in Delhi. He gives the following details :
- Salary Rs. 20,000 per month
D.A. (forming part) Rs. 10,000 per month
HRA Rs. 8,000 per month
Rent paid by him Rs. 10,000 per month.
Calculate taxable HRA.

Or

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- (b) Mr. Natraj is employed in Chennai and gets the following salary emoluments :

Basic salary Rs. 8,000 per month

DA Rs. 6,000 per month (forming)

Bonus Rs. 10,000

CCA Rs. 2,000 per month

Conveyance allowance Rs. 500 per month (actual amount spent for official purpose Rs. 4,000). He is provided with a rent free house. Calculate taxable value of rent free house on the assumption that the population is 45 lakhs.

13. (a) John borrowed a sum of Rs. 20,00,000 at 15% p.a. On 1.4.2022 for construction of a house. The construction was completed on 20.3.2024. What would be amount of interest allowable in computing the income from house property for PY 2024-25 if the house is self occupied from 20.3.2024.

Or

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(b) Compute NAV from the following :

Rent received Rs. 7,000 per month,
Municipal value Rs. 80,000 p.a., Fair rent
Rs. 70,000 p.a. Standard rent Rs. 69,000 p.a.
Rent is not receivable for 2 months during
the year. Municipal tax paid by the owner
Rs. 10,000.

14. (a) From the following particulars, compute
the income from other sources for the
A.Y. 2025-26.

- (i) Winnings from horse races Rs. 10,000.
- (ii) Winnings from lottery tickets
Rs. 50,000.
- (iii) Amount spent on lottery tickets
Rs. 5,000.
- (iv) Dividend received (Net) TDS 10%
Rs. 81,000.

Or

(b) Somu purchased a plot of land worth
Rs. 20,00,000 on 1.6.2004. He negotiated to
sell it and received Rs. 10,000 but the sale
did not materialize and Somu forfeited the
advance. During 2008-09 the asset was gifted
to his daughter Lalitha, who received an

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advance of Rs. 60,000 for sale of property to
Mr. X. However the sale did not materialize
and she retained the advance. Mrs. Lalitha
sold the property for Rs. 95,00,000 on
1.11.2024.

CII for 2004-25 : 113; for 2008-09 : 137; for
2024-25 : 363. Compute the income from
capital gain.

15. (a) The income of a family is as under :

- (i) Mr. Ram from Business Rs. 1,50,000
- (ii) Mrs. Ram from employment Rs. 80,000.
- (iii) Minor son of Mr. Ram (Interest from a
company) the amount of investment
received from his grandfather
Rs. 10,000.
- (iv) Minor son of Mr. Ram, Mr. Krishna
Rs. 60,000 (From acting in film)
- (v) Minor daughter of Mr. Ram, Miss Anjali
Rs. 6,000.

Discuss in whose hands the incomes are
assessable and to what extent.

Or

(b) What deductions are allowed u/s 80GGA of
the Income Tax Act?

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PART C — (5 × 8 = 40 marks)

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

16. (a) State the procedure followed in computing the total income of an assessee.

Or

- (b) Following are the particulars of taxable income of Hari for the previous year ended 31st March 2025.

- (i) Royalty received from Govt. of India Rs. 24,000.
- (ii) Income from business earned in UK Rs. 25,000 of which Rs. 15,000 were received in India. Business is controlled from India.
- (iii) Interest received from 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 John, a resident for technical services provided to run a business outside India Rs. 20,000.

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- (v) Income from business in Jaipur Rs. 40,000. This business is controlled from France. Rs. 20,000 were remitted to France. Find out Taxable Income.

- (1) Resident of India
- (2) Not ordinarily resident of India and
- (3) Non-resident of India in the previous year.

17. (a) Mr. Raju is an officer of a company at Chennai. From the following particulars compute his salary income.

- (i) Basic Salary Rs. 1,20,000.
- (ii) DA Rs. 24,000.
- (iii) House Rent Allowance Rs. 12,000.
- (iv) Children's Education Allowance Rs. 6,000.
- (v) Medical Allowance Rs. 4,800.
- (vi) Contribution to R.P.F. Rs. 12,000.
- (vii) Employer's Contribution to R.P.F. Rs. 12,000.

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(viii) Interest credited to R.P.F. at 14% Rs. 3,700.

He is provided with the services of cook and a watchman who are paid Rs. 500 p.m. and Rs. 600 p.m. respectively. He is also provided with a car of 1.6 litre for official and private purpose. Expenses of car met by the company. He has been living in a rented house and paying Rs. 1,500 p.m. as rent.

Or

(b) From the following particulars of Mr. Suresh, compute his salary income.

(i) Salary Rs. 15,000 p.m., DA Rs. 1,500 p.m. and CCA Rs. 300 p.m.

(ii) Education allowance Rs. 500 p.m. (He has one child), Entertainment allowance Rs. 200 p.m. and HRA Rs. 2,000 p.m. (Rent paid for house Rs. 2,500 p.m.)

(iii) Professional tax paid by employer Rs. 1,000 and LIC premium paid by employer Rs. 2,000 (for Ramesh's Life).

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(iv) Compensation received from former employer for termination of employment Rs. 10,000.

(v) Medical expenses of Ramesh reimbursed by the employer Rs. 5,000.

18. (a) Sanjay owns 3 houses two of which are self occupied, the particulars of which are as under :

Particulars	House I	House II	House III
	Rs.	Rs.	Rs.
Municipal Value	70,000	1,00,000	2,00,000
Fair rental value	82,000	1,30,000	2,20,000
Standard rent	—	1,10,000	2,30,000
Actual rent	—	—	2,00,000
Repairs	10,000	20,000	5,000
Insurance	6,000	7,000	3,000
Municipal taxes	5,000	10,000	15,000
Land revenue	8,000	3,000	4,000

Interest on money borrowed for construction of the property II is Rs. 50,000. Date of borrowing of loan is 1.10.2020. Find the net income from house property.

Or

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(b) Ramkumar borrowed a sum of Rs. 20,00,000 at 15% p.a. on 1.4.2002 for construction of a house. The construction was completed on 20.3.2024. What would be amount of interest allowable in computing the income from house property for PY 2024-25 if the house is :

- (i) Self occupied from 20.3.2024.
- (ii) Let out from 20.3.2024.
- (iii) Deemed to be let out?

19. (a) Mr. X purchased a house property for Rs. 26,000 on 10th May 1962. He gets the first floor of the house constructed in 1967-68 by spending Rs. 40,000. He dies on 12th September 2003. The property is transferred to Mrs. X by his will. Mrs. X spends Rs. 80,000 and Rs. 26,700 during 2006-07 and 2008-09 respectively for reconstruction of the property. Mr. X sells the house property for Rs. 95,00,000 on 15th March 2025 (brokerage paid by Mrs. X is Rs. 41,500). The

fair market value of house on 1st April, 2001 is Rs. 4,60,000. CII for 2006-07 is 122, for 2008-09 is 137, for 2024-25 is 363, for 2001-02 is 100 and for 2003-04 is 109. Compute the capital gains for the AY 2025-26.

Or

(b) Compute 'Income from other sources' from the following information for the financial year 2024-25.

(i) Amounts won from :

Lottery Rs. 80,000

Betting on Horse Racing Rs. 8,000

(ii) Amounts received from :

Lottery Rs. 63,000

Betting on Horse Racing Rs. 42,000

(iii) Dividend Income :

Dividend from a foreign company
Rs. 26,000.

Dividend from mutual funds Rs. 3,000.

Dividend from a Co-operative Society
Rs. 5,000.

20. (a) Explain in detail regarding the deductions available to an assessee u/s 80 CCC, 80D and 80DD.

Or

(b) Discuss the provisions of the I.T. Act 1961 relating to the Advance Payment of Tax.
