

(FOR THE CANDIDATES ADMITTED

SUBJECT CODE **23 UCO 306**

DURING THE ACADEMIC YEAR 2023-2026 ONLY)

REG.NO. :

N.G.M.COLLEGE (AUTONOMOUS): POLLACHI

END-OF-SEMESTER EXAMINATIONS: NOVEMBER – 2024

B.Com. (AIDED & SF)

MAXIMUM MARKS: 75

SEMESTER: III

TIME: 3 HOURS

PART – III

INCOME TAX

SECTION – A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

(K1)

1. The Income Tax Act came into force from _____.
(a) 1st March 1971 (b) 1st April 1971
(c) 1st March 1961 (d) 1st April 1961
2. The Payment of Gratuity Act came into force in _____.
(a) 1973 (b) 1980 (c) 1991 (d) 1972
3. Deduction from annual value is allowed under _____.
(a) Section 24 (b) Section 25 (c) Section 27 (d) Section 28
4. Income from sale of rural agricultural land is _____.
(a) Taxable Capital Gain (b) Taxable Income
(c) Exempted Capital Gain (d) Exempted Income
5. Long-term Capital Loss can only be set off against _____.
(a) Long-term capital loss (b) Short-term capital loss
(c) Long-term capital gain (d) Short-term Capital Gain

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. Define Assessment Year
7. What is meant by Provident Fund?
8. Recall the term Standard Rent
9. Write a brief note on Short Term Capital Assets
10. How is specific income playing an important role in Income Tax?

SECTION – B

(5 X 5 = 25 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)

11. (a) Give a short note on a) Person b) Previous year

(OR)

- (b) Doctor who is an Indian citizen left India to France 16 July 2022 to take up an employment there. He has never been out of India in the past. What is the residential status of the doctor for the previous year 2022 – 2023

12. (a) Examine the rules relating to House Rent Allowances.
(OR)
- (b) Mr. Venugopal is an employee of AP government. During the previous year ending March 31st 2023 he has been allotted a rent- free furnished flat at Hyderabad. Though the licence fee of the flat, as per the government rules is Rs.2,200 per annum, its fair market rent is not less than Rs.15,000 per annum. Some of the household appliances provided to Mr.Venugopal are owned by the employer (cost price of which is Rs. 40,000) written down value of the same is Rs.5,000. Employer pays Rs.20,000 as higher charges for two Air Conditioners installed throughout the previous year.
Compute the value of the perquisite
13. (a) Mr Siva has let out a house property for a monthly rent of Rs.20,000. It's municipal valuation is Rs. 2,50,000 p.a. It's Fair Rental Value is Rs. 2,40,000 p.a. It has been let out from 01.10.1991. Mr Siva paid Rs.10,000 as municipal taxes. Municipal taxes paid by the tenant are Rs. 5,000. Rs.3,000 Municipal Taxes are due but not paid. Out of Rs.10,000 paid by Siva Rs.2,000 relates to subsequent two years. Find out the net annual value of the house property for the AY: 2024-2025
(OR)
- (b) Sri. Srinivasan took a loan of Rs.4,00,000 on 1.4.2019 at 20% p.a. to construct a house. The construction of the house was completed on 1.11. 2021. Compute the amount of interest deductible in computing the income from house property if the house is let out, and the loan is not yet repaid during 2022 - 2023.
14. (a) State the admissibility or not the following items in business head.
- Commission paid Rs.10,000 to secure order for business.
 - Rs. 2,00,000 compensation paid to an employee for premature termination of services for illegal activities
 - Stock was lost in fire Rs. 30,000 debited to Profit and Loss Account
 - Loss due to embezzlement by an employee Rs. 8,000
 - Purchase of building Rs. 3,00,000
- (OR)
- (b) From the following, compute the taxable income under the head income from business, Profit before adjusting the following items are Rs.5,50,000.
- | | Rs. |
|---------------------------------------|------------|
| Administration expenses | 10,000 |
| Trade expenses | 5,000 |
| House hold expenses | 3,000 |
| Discount allowed | 4,000 |
| Income tax | 400 |
| Provision for bad debts | 2,000 |
| Bad debts | 3,000 |
| Donation to P.M. National Relief Fund | 4,000 |
| Legal fees | 200 |

15. (a) Mr. Basu received the following incomes during the year 2022-2023. Compute Taxable income under the head 'Income from other sources', separately for each case.

Particulars	Rs.
(A) Winnings received from Sikkim Lottery	70,000
Winnings from Horse Races	2,000
Winnings from Crossword Puzzles	4,000
(B) Winnings from Lottery	2,000
Winnings received from Horse Races	56,000

(OR)

- (b) From the following particulars compute the total income of Mr. Kumar for the AY: 2024-2025.

Loss from House Property	Rs. 2,60,000
Short-Term Capital Gain on Sale of Shares	Rs. 2,40,000
Long -Term Capital Loss on Sale of Bonds	Rs. (-) 85,000

Other Sources:

Interest on Government Securities Rs. 10,000

The assessee has unabsorbed depreciation of Rs.25,000 being brought forward from 2021-2022. Assessee has closed the business and all the assets have been disposed off

SECTION – C

(5 X 8 = 40 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.

(K4 (Or) K5)

16. (a) Sunil earns the following income during the previous year 2023-2024

Particulars	Amount (Rs.)
➡ Interests from an Indian Company received in Germany	1,00,000
➡ Pension from former employer in India received in U.K.	2,00,000
➡ Profits made from a business in Hongkong which is controlled from India, (half of the profits being received in India)	20,000
➡ Income from companies in USA and received in India	1,00,000
➡ Income from Agriculture in USA and received in India	10,000
➡ Income from employment in Japan received there	20,000
➡ Past untaxed profits brought to India	50,000

Compute Gross Total Income of Sunil for the Assessment Year 2024-2025, If he is:

- ◆ Resident and Ordinarily Resident in India
- ◆ Resident but not Ordinarily Resident in India
- ◆ Non-Resident in India

(CONTD 4)

(OR)

(b) Categorize the scope of total income under Income Tax act 1961.

17. (a) From the following details compute the income of "A" who is employed by R Ltd. for the assessment year 2024 - 2025

Particulars	Amount (Rs.)
● Basic Salary	1,16,000
● Dearness Allowance (Considered for Service Benefits)	28,000
● High Cost of Living Allowance	30,000
● House Rent Allowance (Actual Rent Paid is Rs.60,000 in Delhi)	48,000
● Commission (at 2% of turnover achieved by A)	18,000
● Insurance Premium of ICICI Prudential on Policy in the name of Mr.A (Sum Assured Rs.2,00,000) Paid by "A"	44,000
● Own Life LIC Premium Paid	90,000
● Deposit in PPF	70,000

On 10th March, 2023 "R" Ltd. Offers equity shares to employees at the rate of Rs.410 per share (Market Price Rs.600 per share on 10th March, 2023). "A" accepts the offer and as per terms of the offer applies for 500 shares on 20th March 2023 (Market Price on 20th March, 2023 Rs.590 per share). Calculate the amount eligible for deduction u/s 80 C.

(OR)

(b) Compute the taxable portion of allowances from the information furnished by Hari for the A.Y.2024 -2025.

■ Travelling allowance (Expenditure Rs.750 p.m.)	Rs. 1,500 p.m.
■ Helper Allowance (Expenditure Rs.1,350 p.m.)	Rs. 1,200 p.m.
■ Tribal area allowance	Rs. 2,400 p.m.
■ Education allowance (per child) (For 3 children)	Rs.300 p.m.
■ Hostel expenditure Allowance (per child) (For 3 children)	Rs. 2,500 p.m.
■ (Actual exp. Rs.2,500 p.m. per child)	
■ Transport allowance (exp. Rs.15,000 p.m.)	Rs. 19,000 p.m.
■ Conveyance allowance (50% personal)	Rs. 1,500 p.m.
■ Dog allowance	Rs. 1,000 p.m.

18. (a) From the particulars given below compute income from house property for the assessment year 2024 -2025.

(CONTD 5)

Particulars	Amount (Rs.)
Date of Completion	1.11.93
Municipal Rental Value	36,000
Fair Rental Value	30,000
Self – Occupied	2/3 portion
Let Out	1/3 Portion, from 1-4-2022 to 31-8-2022 at Rs.1,000 p.m. and Self-occupied from 1-9-2022 onwards
Municipal Taxes	3,000 p.a
Fir Insurance Premium	2,400 p.a
Ground Rent	4,200 p.a
Interest on Loan	7,500 p.a

(OR)

- (b) Mr. SK constructed one house in 1991. 75 % of the property is let out and 25% occupied for his residence. The let out portion was also occupied for one month. The particulars are

Municipal value of full house	5000 p.a
Annual rent of 75% portion	4000 p.a
Municipal tax	500 p.a
Ground Rent	100 p.a
Repairs	200 p.a
Fire Insurance Premium	150 p.a
Collection charges	60 p.a
Interest on loan taken for construction	600 p.a

His income from all other sources amounts to Rs.10,000. Determine his Gross Total Income

19. (a) Ms. Kavitha a Lawyer by Profession keeps his cash book as per cash system of accounting. The following is the summary of his cash book for the year ended 31st march 2023.

Receipts	Rs.	Payments	Rs.
To Balance	5,000	By Rent of Chamber	2,400
To Fees	35,000	By Car expenses	3,000
To Remuneration as examiner	3,000	By Household expenses	12,000
To Interest on bank deposits	2,500	By Local taxes for the house	1,200
To Rent from House Property	8,000	By Repairs of the house	4,000
To Dividends	1,600	By LIC premium for self	4,800
		By Cost of books for profession	4,000
		By Medical treatment of self	5,000
		By Balance	18,100
	55,100		55,100

(CONTD 6)

Additional Information:

- 1/3 of the house is used by Kavitha for his own residence.
- Kavitha is insured for Rs.40,000.
- Kavitha has to get medical treatment for an eye ailment caused by intensive study of law books.
- 1 / 2 of the car expenses relate to personal use of the car by Kavitha.
- Depreciation computed at the prescribed rate on the written down value of the car is Rs.2,000

Compute his income from profession.

(OR)

- (b) Compute the amount of Capital Gains exempted under Sec 54 and Capital Gains chargeable to tax in relation to the following transactions

Mr.Vasan sells a Residential House Property in Chennai for Rs.99 lakhs on April 25, 2022 which was acquired by him on 10th May, 2011 for Rs.5 lakhs. In August 2022, he purchased a house in Madurai for Rs.15 Lakhs and another house for Rs.5 lakhs at Trichy. On 30th June, 2023, vasan sells the house property in Madurai for Rs.20 lakhs. CII for 2011-2012 is 184 ; for 2022-2023 is 331

20. (a) Mr. Singh, a resident of India submits the following of his income for the A.Y. 2024-2025

Income from house let out (Computed)	Rs. 9,500
Profits from radio business	Rs. 19,600
Profits from Electric business	Rs. 1,800
Speculation income	Rs. 1,900
STCG	Rs. 3,200
LTCG (Gold)	Rs. 9,250
Current year's depreciation relating to electric goods business	Rs. 2,500

The following items have been brought forward from the preceding assessment year:

Loss from cycle business discontinued during the Previous Year 2020-2021	Rs.3,900
Loss from electric business	Rs.2,700
Loss from radio business	Rs.1,900
Unabsorbed depreciation of electric business	Rs. 1,000
Unabsorbed family planning expenditure	Rs. 2,600
STCL from the year 2011-2012	Rs. 4,100
LTCL from the year 2015-2016	Rs. 64,500
Speculation loss of AY 2020-2021	Rs. 3,200

You are required to compute his gross total income and deal with the carry forward of losses.

(OR)

- (b) Formulate in detail the deduction u/s 80c under Income Tax act 1961.