

K23U 2291

Reg. No. : .....

Name : .....

**V Semester B.Com. Degree (C.B.C.S.S. – O.B.E. – Regular/Supplementary/  
Improvement) Examination, November 2023  
(2019 – 2021 Admissions)**

**Core Course  
5B08COM : INCOME TAX LAW AND PRACTICE**

Time : 3 Hours

Max. Marks : 40

**PART – A**

Answer **any six** questions from the following. Each question carries **1** mark. **(6×1=6)**

1. Define the term assessee.
2. Kamlesh purchased a rented residential house in 1998 for Rs. 2,00,000 which he sold in October, 2022 for Rs. 39,00,000. Fair market value of the house as on 1<sup>st</sup> April, 2001 was Rs. 3,00,000. He purchased a new house on 31<sup>st</sup> Dec., 2022 for Rs. 24,00,000. Compute Capital gains.
3. What is sub-letting ?
4. If let out house remains vacant for part of the previous year, how would you treat it in computing the income from house property ?
5. Write two examples of interest incomes that are not subjected to income tax.
6. Who is a specified employee ?
7. Is gratuity taxable in case of government employee ?
8. What is indexing of cost of acquisition ?

P.T.O.





## PART – B

Answer **any six** questions from the following. Each question carries **3** marks. **(6×3=18)**

9. Compute Gross Salary from the given information.
- Salary at Rs. 14,000 p.m.
  - D.A. at Rs. 4,000 p.m. (D.A. enters pay for service benefits).
  - CCA at Rs. 800 p.m.
  - HRA at Rs. 4,000 p.m.
  - Commission turnover achieved by him is Rs. 24,000.
  - Living in a rented house at Delhi and rent paid is Rs. 6,000 p.m.
10. Mr. X, a bank officer, receives Rs. 26,000 p.m. as salary and Rs. 1,000 p.m. as dearness allowance. He is also getting entertainment allowance of Rs. 800 p.m. He is also getting a bonus equal to 3 months' pay. He resides in a house taken on rent by the bank, whose rent is Rs. 4,000 p.m. Compute his income under the head Salaries for the Assessment Year 2023-24.
11. X is employed in a company and is paid a sum of Rs. 9,00,000 on Voluntary Retirement from Service. The normal age of retirement in the company is 60 years and X, who was 50 at the time of retirement had completed 22 years of service. His monthly salary at the time of retirement was as follows
- |   |        |
|---|--------|
| Basic pay                                       | 20,000 |
| Dearness allowance (50% includible for pension) | 8,000  |
| H.R.A.  | 5,000  |
- What is the taxable amount of compensation under the Act ?
12. Mr. Ram owns a house property. Its annual letting value is Rs. 80,000. During the previous year it was let out to a tenant on a monthly rent of Rs. 7,000. He claimed the following expenses :
- Municipal taxes paid Rs. 8,000.
  - Expenses for the recovery of rent Rs. 600.
  - Maintenance allowance paid to the step-mother Rs. 12,000 annually which was a charge on the property according to his father's will.
- The house remained vacant for one month during the previous year. Compute the income from house property for the Assessment Year 2023 – 24.





13. One building (which was purchased in 2011) of X Ltd., an industrial undertaking is compulsorily acquired by the Government of Uttar Pradesh. Its W.D.V. on 1-4-2022 was Rs. 3,50,000. The U.P. Government paid Rs.6,00,000 on 25<sup>th</sup> May,2022 as compensation. The company purchased another building for the industrial undertaking for 2,00,000 on 20<sup>th</sup> April, 2023. Compute the amount exempt under section 54D and taxable capital gain for the Assessment Year 2023 – 24.
14. How the value of residential accommodation calculated under the head salaries ?
15. Describe any six items included in the head 'Income from other sources'.
16. Enumerate the expenses which are allowed in computing taxable profits of a business.

**PART – C**

Answer **any two** questions from the following. Each question carries **8** marks. **(2×8=16)**

17. How is residence of assessee determined for income tax purpose ? Explain the incidence of residence on tax liability.
18. Shri Pramod Behari is employed in a firm at Mumbai. He is in the grade of Rs. 22,000-500-27,000 since 1<sup>st</sup> January, 2019. He gets Rs.5,000 p.m. as dearness allowance and Rs. 15,000 as medical allowance. He has been provided with a furnished accommodation by the employer owned by it, of the estimated rental value of Rs. 10,000 p.m. Furniture costing Rs. 60,000 has also been provided by the employer. He has been given a small car, which is used by him for his personal purposes also. The driver's remuneration and all the expenses relating to the car are borne by the employer. He has been provided with the facility of a gardener, a watchman and a servant who are paid by the employer @ Rs. 200 p.m., Rs. 1,000 p.m. and Rs. 600 p.m. respectively.  
He contributes 15% of his pay and dearness allowance to the Recognized Provident Fund towards which the employer contributes Rs. 6,000 p.m. Interest amounting to Rs. 19,800 has been credited on the balance of Rs. 2,20,000 standing to the credit of his Provident Fund Account.  
Assuming that the salary becomes due on the first day of the next month, compute his salary income for the Assessment Year 2023-24.



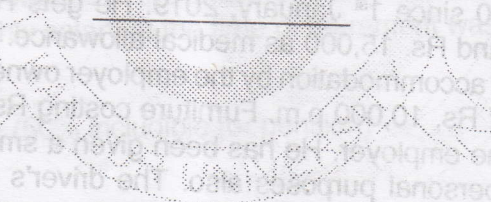


19. From the following P&L A/c of a merchant for the year ended 31<sup>st</sup> March, 2023 compute his taxable profit from Business and House Property.

**Profit and Loss Account**

	Rs.		Rs.
To Office salary	4,800	By Gross profit	4,35,532
To General expenses	2,550	By Commission	1,205
To Bad debts written-off	2,100	By Discount	751
To Reserve for Bad Debts	3,000	By Sundry receipts	202
To Fire Insurance Premium	450	By Rent of building	52,640
To Advertisement	2,500	By Capital gain	3,000
To Interest on Capital	1,000		
To Interest on Bank Loan	1,550		
To Donations by cheque	3,875		
To Depreciation	1,200		
To Net Profit	4,70,305		
	<b>4,93,330</b>		<b>4,93,330</b>

The amount of depreciation allowable is Rs. 1,000.





K22U 2243

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V Semester B.Com. Degree (CBCSS – OBE-Regular/Supplementary/  
Improvement) Examination, November 2022

(2019 Admission Onwards)

Core Course

5B08 COM : INCOME TAX – LAW AND PRACTICE

Time : 3 Hours

Max. Marks : 40

PART – A

Answer **any six** questions from the following. **Each** question carries **1** mark.

1. Define Assessment Year.
2. What is Direct Tax ?
3. What is casual income ?
4. What do you mean by set off ?
5. What is capital gain ?
6. What is TDS ?
7. Explain the deduction in respect of family pension under the head income from other sources.
8. What is PPF ? (6×1=6)

PART – B

Answer **any six** questions from the following. **Each** question carries **3** marks.

9. Explain the term capital asset as per the Income Tax Act.
10. What are the conditions to be satisfied for an income to be treated as agricultural income ?

P.T.O.





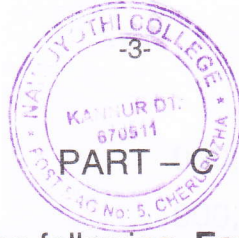
11. State the exempted incomes under the head Income from House Property.
12. Give six examples for incomes 'Deemed to accrue or arise' in India.
13. Calculate income from other sources for the Assessment Year 2022 – 23 from the information given below :
- Winnings from Lottery Rs. 1,00,000
  - Income from agriculture in England Rs. 78,000
  - Income from subletting of house taken on Rent Rs. 5,000; Rent paid Rs. 3,000
  - Family Pension received Rs. 36,000
  - Dividend from a domestic company Rs. 12,000.
14. From the following information, compute the annual value of the house :

	Rs.
Municipal Value	4,00,000
Fair Rent	3,60,000
Standard Rent	4,50,000
Actual Rent	50,000 p.m.

The building remained vacant for two months during the previous year. Unrealised rent Rs. 50,000. Conditions of Rule 4 are satisfied. Municipal taxes paid by the owner Rs. 25,000 and by the tenant Rs. 25,000.

15. Mr. Mohan resides in Kanpur. He gets a basic salary of Rs.2,00,000 and Dearness pay of Rs. 2,00,000 and HRA Rs. 1,50,000 per annum. He pays rent of Rs. 1,80,000 per annum. Compute the amount of HRA chargeable to tax for the Assessment Year 2022-23.
16. Shri. Ramesh has the following incomes for the Financial Year 2021-22. Compute his gross total income for the Assessment Year 2022-23, if he is,
- Ordinarily resident in India
  - Non-resident.

	Rs.	
Income from house property in London	40,000	
Income from salary received in India for services rendered in London (Computed)	28,000	
Profit from business in London controlled from India	1,20,000	
Profit from Kanpur business	1,10,000	
Agricultural income in India	10,000	<b>(6×3=18)</b>



Answer **any two** questions from the following. **Each** question carries **8** marks.

17. What is income ? What are the features of an income as per the Income Tax Act ?

18. Mr. Nair is working in Edward Jute Mills Kolkata. His basic pay @ 70,000 per month, dearness allowance @ Rs. 5,000 per month, entertainment allowance @ Rs. 1,500 per month and education allowance Rs. 350 per month for a child. He has been provided with a rent free house by the Mills, the fair value of which is Rs. 2,00,000 per annum. He has also been provided by the mill with the facility of free use of furniture costing Rs. 40,000 and a refrigerator costing Rs. 8,000. The mill has provided him two small cars, the expenses relating to the cars are borne by the mill. The cars are used partly for private purposes also. The salary of the drivers is paid by mill. Other informations relating to cars are :

Cost of each car – Rs. 3,00,000

Salary to each driver – Rs. 5,000 per month

Expenses – Car I Rs. 70,000 and Car II Rs. 50,000

Rs. 15,000 incurred by Mr. Nair for medical expenses of family members for treatment in a private hospital were reimbursed by the mill. The company has provided the facility of free lunch and free refreshment in office the cost of which is Rs. 60 and Rs. 20 per day respectively for 250 days. He as well as the company contributes 14 percentage of full basic pay and half of the dearness allowance towards recognised provident fund. Compute Mr. Nair's taxable salary for the Assessment Year 2022-23.

19. Following is the Profit and Loss Account of Chandran for the year ending 31/03/2022.

To salaries	3,30,000	By gross profit	7,50,000
To office expenses	36,000	By bad debts recovered	20,000
To depreciation	28,000	By dividends	12,000
To GST	18,000	By rent from house property	18,000
To legal expenses	16,000		
To income tax	14,000		
To expenses on acquisition of patents	24,000		





To donation in cash	4,000	
To repairs	12,000	
To provision for bad debts	6,000	
To general expenses	24,000	
To net profit	2,88,000	
	<b>8,00,000</b>	<b>8,00,000</b>

**Additional information :**

- Salaries include Rs. 12,000 paid to the workers employed at home.
- Depreciation includes Rs. 6,000 being unabsorbed depreciation of earlier years.
- Legal expenses include Rs. 2,000 paid to the lawyer in connection with personal case.
- General expenses include Rs. 8,000 as contribution to Staff Welfare Fund.
- Out of bad debts recovered only Rs. 8,000 were allowed as deduction earlier.

Compute income from business for the Assessment Year 2022-23. **(2×8=16)**

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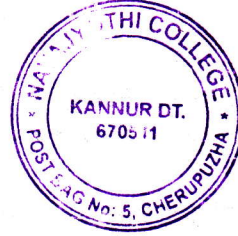




**K21U 4664**

Reg. No. : .....

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**V Semester B.Com. Degree CBCSS (OBE) Regular  
Examination, November 2021  
(2019 Admns Only)  
Core Course  
5B08 COM : INCOME TAX LAW AND PRACTICE**

Time : 3 Hours

Max. Marks : 40

**PART – A**

Answer **any six** questions. **Each** question carries **1** mark.

1. Can the annual value of a house property be negative ? Explain.
2. Who is 'assessee in default' ?
3. "Some self-generated assets are considered as capital assets". Make a note on cost of acquisition of self-generated assets.
4. What is unabsorbed depreciation ?
5. Make a note on 'payments in cash' in connection with computation of profits and gains of business or profession.
6. What is meant by 'casual income' ?
7. Define 'deemed resident'.
8. What is 'maximum marginal rate' ? **(6x1=6)**

**PART – B**

Answer **any six** questions. **Each** question carries **3** marks.

9. Make a brief note on the different circumstances where the income earned during the previous year is assessed to income tax during the previous year itself.

**P.T.O.**





10. Explain how the residential status of a Hindu Undivided Family can be determined for the purpose of income tax assessment.
11. Make a note on 'different incomes from house property that are fully exempt from income tax assessment'.
12. "Agricultural income is neither included in the total income nor income tax is payable on it." What are the different incomes that are treated as agricultural income ?
13. Sri. Baburaj had three houses. The first house, located at Kolkata, was let out by him for a monthly rent of ₹ 12,000. The second house, located at Chennai, was let out by him for a monthly rent of ₹ 18,000. He paid ₹ 6,000 and ₹ 9,000 as municipal tax for both houses respectively. The municipal tax is calculated as 5% of the municipal value of the respective properties. He had taken a loan from the State Bank of India during the financial year 2008-09 for constructing the second house and paid interest on loan amounting ₹ 55,000 during the current financial year. He purchased the third house, which is used for self-residence, during 2018-19 with borrowed capital from a bank in Australia. He paid interest of ₹ 1,20,000 to the bank during the current financial year without deducting any TDS in this respect. Calculate the taxable income from house property in the hands of Sri. Baburaj for the assessment year 2021-22.
14. Smt. Rajani has been working with RR Ltd. since 2004. She furnishes the following information regarding the salary received by her during 2020-21.
- Monthly Basic Salary as on 01 April 2020 – ₹ 40,000 per month.
  - Annual increment of 5% in the basic salary becomes due on 01 July of every year.
  - Dearness Allowance – 20% of the basic salary.
  - City compensatory allowance – ₹ 2,000 per month.
  - Entertainment allowance – ₹ 500 per month.
  - Commission – ₹ 2,000 per month.
  - Bonus – ₹ 20,000 during the year.
  - The employer provides education facility to the younger son of Smt. Rajani at a school owned by the employer and the cost of education amount to ₹ 500 per month. The company also provides an allowance of ₹ 300 per month to meet the education expenses of her elder son.
- The salary becomes due on the last day of the current month. Calculate the income from salary taxable for Smt. Rajani for the assessment year 2021-22.





15. Smt. Maya had an agricultural land located Nagpur Municipal Corporation. She purchased it in December 1991 at a price of ₹ 1,35,000/-. The fair market value of the land as on 01<sup>st</sup> April 2001 was ₹ 3,20,000/-. She constructed a farm house there during 2008-2009 spending ₹ 1,40,000/-. She sold it in the year 2020-21 and received ₹ 43,50,000/-. Commission paid on sales was ₹ 25,000/-. From the above proceeds, she paid ₹ 10,00,000/- for the purchase of another land for agricultural purpose in February 2021. Calculate taxable capital gains, if any.

[Cost inflation indices – 2001-02 : 100; 2008-09 : 137; 2020-21 : 301]

16. From the following information furnished by Sri. Samson, calculate his gross total income for the assessment year 2021-22 as if he is (a) ordinary resident, (b) resident, but not ordinarily resident and (c) non-resident.

- a) Royalty received from government of India for the services rendered in England – ₹ 48,000.
- b) Income from business earned in England ₹ 50,000 of which ₹ 30,000 were received in India.
- c) Interest received from a non-resident against loan provided to him to run a business in India – ₹ 10,000.
- d) Income from business in Netherlands – ₹ 80,000. This business is controlled from Bengaluru.

(6×3=18)

PART – C

Answer **any two** questions. **Each** question carries **8** marks.

17. What is meant by perquisites ? How do perquisites differ from allowances ? Elaborate on the valuation of the following perquisites received by an employee from the employer for the purpose of income tax assessment.

- a) Residential accommodation.
- b) Use of motor car.

18. From the following information, compute taxable income of Sri. Sanoj for the Assessment Year 2021-22.

(Amount in ₹)

Profit and Loss Account			
Opening stock	35,000	Sales	4,00,000
Purchases	1,30,000	Closing stock	15,000
Wages	80,000	Gift from father	30,000
Rent	52,000	Sale of car	40,000





Repairs of Car	12,000	Income tax refund	4,000
Medical expenses	12,000		
General expenses	42,000		
Depreciation of Car	9,200		
Net Profit	1,16,800		
	<b>4,89,000</b>		<b>4,89,000</b>

**Further Information :**

- He carries on business from rented premises,  $\frac{1}{4}$ <sup>th</sup> of which is used for own residence.
  - He bought a car during the year for ₹ 46,000. He charged 20% depreciation on the value of the car. It was sold during the year for ₹ 40,000. The use of the car was  $\frac{1}{2}$  for the business and  $\frac{1}{2}$  for personal use.
  - Medical expense was for his personal illness.
  - Wages include ₹ 500/- per month on account of Mr. X's driver for 10 months.
19. Sri. Kumar has the following investments as on 1 April 2020.
- ₹ 85,000/-, 10% Bonds issued by Government of Manipur.
  - ₹ 52,000/-, 10% Improvement Trust Debentures.
  - ₹ 35,000/-, 10% Debentures in a Silk Company.
  - ₹ 50,000/-, 12% Tax free bonds issued by Government of Tamil Nadu.
- On 1 October 2020, he sold Improvement Trust Debentures and purchased 15% Port Trust Bonds for ₹ 85,000/-, for which he took a personal loan of ₹ 25,000/- from Bank of Maharashtra at an annual interest of 12%. He inherited ₹ 40,000/-, 12% Ahmedabad Government Loan from his mother who died on 01 December 2020. All interests are payable half yearly on 1 January and 1 July. Compute his taxable income from other sources for the Assessment Year 2021-22.

(2×8=16)