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(FOR THE CANDIDATES ADMITTED

23UCF410

DURING THE ACADEMIC YEAR 2025 ONLY)

REG.NO.

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

END-OF-SEMESTER EXAMINATIONS : MAY-2025

B.Com FINANCE

MAXIMUM MARKS: 75

SEMESTER - IV

TIME : 3 HOURS

PART - III

23UCF410– INCOME -TAX LAW AND PRACTICE

SECTION – A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.(K1)

1.Income Tax Act currently in force is

a) IT Act 1922 b) IT Act 1944 c) IT Act 1956 d) IT Act 1961

2. Salary paid by HUF to a member is

a) Allowed fully b) Allowed partially c) Disallowed d) Fully exempted

3. Under the head income from house property, the basis of charge is the of property.

a) Annual value b) Quarterly value c) Half-quarterly value d) None of above

4. Capital gain is calculate when -----.

a) Any asset is transferred b) Any capital asset is transferred

c) Any asset is transferred or not transferred d) Any Capital asset is transferred or not transferre

5. Deduction in respect of donations to National Defense fund allowed u/s

a) 80G b) 80CCG c) 80C d) 80U

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. Define Income Tax act.

7. Explain the Allowances.

8. Explain the Gross Annual Value - Sec. 23(i)

9. List out the kinds of securities.

10. Explain 80C.

SECTION – B

(5 X 5 = 25 MARKS)

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

11. a) Describe the different classes of Assessment.

(OR)

b) Head office of XY, a Hindu undivided family, is situated in Hongkong. The family is managed by Y who is resident in India one 1 year out of 10 years preceding the previous year 2023 – 24. Determine the residential status of the HUF for the assessment year 2024-25 if the affairs of the

family business are- a) wholly controlled from Hongkong: b) partly controlled from India.

12. a) Sri. Rajendran, an employee of Audco Ltd., receives Rs. 3,00,000 as gratuity. He is covered by the payment of gratuity Act, 1972. He retires on November 15, 2023, after rendering services of 32 years and 7 months. At the time of retirement his monthly basic salary and DA were Rs. 3,000 and Rs. 1,000 respectively.

(OR)

b) Examine the tax treatment of allowances in the following cases for P.Y.2023-24. Mr. Prakash, an employee in a Pvt. Co. receive the following allowances:

i) High cost of living allowance	Rs. 500 p.m.
ii) Lunch Allowance	100 p.m
iii) Family allowance	150 p.m
iv) Marriage allowance	1,000 p.m

13. a) Shri.Jayaraj owns a property at Chennai (Municipal value Rs. 1,60,000; fair rent Rs. 1,80,000; standard Rent Rs. 1,50,000). The house is let out up to September 30, 2023 (monthly rent being Rs. 15,000). From October 1,2023 the property is self-occupied for own residential purposes. Find out the gross annual value for the assessment year 2024-25.

(OR)

b) Examine the Deemed profit and how are they charged tax?

14. a) A HUF sells a property on December 5, 2023, for Rs. 18,00,000. (Cost of acquisition on Feb. 10, 2012 Rs. 1,00,000). Expenses on purchase and transfer are Rs. 1,000 and 10,000, respectively. On March 25, 2024, the HUF acquired bond issued by the Rural Electrification Corporation Ltd, for Rs. 8,00,000 and acquired bonds issued by National Highway Authority of India for Rs. 7,00,000 on July 20,2024. Find out the amount of capital gain chargeable to tax for the assessment year 2023-24. CII for 2011-12 is 184, for 2023-24 is 348.

(OR)

b) Mr.Basu received the following incomes during the year 2023-24. Compute Taxable income under the head 'Income from other sources', separately for each case.

a) Winnings received from Sikkim Lottery	Rs. 70,000
Winnings from House Races	2,000
Winnings from Crossword Puzzles	4,000
b) Winnings from Lottery	2,000
Winnings received from Horse Races	56,000

15. a) From the following particulars compute the total income of Mr. David for the assessment year 2024-25.

	Rs.
Loss from house property	2,60,000
Short term capital gain on sale of shares	2,40,000
Long term capital loss on sale of bonds	-85,000
Other sources: interest on government securities	10,000

The assessee has unabsorbed depreciation of Rs. 25,000 being brought forward from 2022-23. Assessee had closed the business and all the assets have been disposed of.

(OR)

b) Examine the details regarding the deductions available to an assessee U/S 80 DD, 80 G and 80 GG.

SECTION – C

(5 X 8 = 40 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K4/ K5)

16. a) Analyze any six incomes exempted from income tax U/S 10.

(OR)

b) Dr. Kannan employed in U.K was deputed to British Hospital in India on 1st April 2020. On 2nd January 2021 he went to U.A.E. on 1st April 2022 he came back to India and left for Japan on 20th Oct. he came back to India and joined his original post on 5th January 2024. Determine the residential status of Dr. Kannan for the Assessment year 2021-2022 to 2024-25.

17. a) Determine the taxable salary from the following details furnished by Mrs. Radha, if she is a i) Director of the employer company of ii) she holds 25% of share in the employer company or iii) she is neither a director nor she holds any shares in the company.

	Rs.
Basic salary	45,600
(DA) Dearness allowance	2,000
Entertainment allowance	1,000
(CCA) City compensatory allowance	2,000
Club bills paid by employer	2,000
Children's educational allowance	3,000
Hostel expenditure allowance: Two of her children reside in hostel	6,000
Cook engaged by Radha, salary paid by employer	3,000
Employers contribution to RPF	8,000
Interest credited to accumulated fund balance at 12%	24,000
Professional tax paid by employee	1,200

Chauffeur driven car of above 1.6 Ltr. Provided for private and official purpose. (Expenses met by employer) Gardener, Watchman and sweeper are provided at Rs. 500 p.m, as salary to each of them.

(OR)

b) Vivek retired on 31st October 2023. He was entitled to a pension of Rs. 4,000 p.m. At the time of retirement, he got $\frac{3}{4}$ of the pension commuted and received Rs. 4,00,000 p.m. He was in receipt of Basic salary of Rs.10,000 per month D.A Rs. 5,000 p.m. Entertainment allowance (E.A) Rs. 1,000 p.m. Compute the gross salary for the A.Y. 2024-25, if; i) he is Government employee ii) he is a non-government employee entitled to gratuity iii) he is a non-government employee not entitled to gratuity.

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

Particulars	House I Rs.	House II Rs.	House III 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 borrowings of loan is 1.10.2019. Find the net income from house property.

(OR)

b) Kumar 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 2024.

Receipts	Rs.	Payments	Rs.
To balance	5,000	By rent of chamber	2,400

To fees	35,000	By car expenses	3,600
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 balace	18,100
	55,100		55,100

Additional information:

- 1/3 of the house is used by Kumar for his own residence.
- Kumar is insured for Rs. 40,000.
- Kumar must get medical treatment for an eye ailment caused by intensive study of law books.
- ½ of the car expenses relate to personal use of the car by Kumar, Depreciation computed at the prescribed rate on the written down value of the car is Rs. 2,000. Compute his income from profession.

19. a) Mr. Jayaprakash sells agricultural land located within the municipal limits of Chennai city for Rs. 50,00,000 on August 4, 2023, which was purchased by him on February 2, 2009 for Rs. 3,00,000. On June 2, 2024, he purchases agricultural land outside the municipal limits of Chennai city for Rs. 5,00,000 and deposits Rs. 5,00,000 in a deposit account for availing deduction under section 54B. Determine the amount of capital gains. i) if he purchases another agricultural land which is situated within Chennai city on August 3, 2024 for Rs. 4,00,000 by withdrawing from the deposit account; ii) withdraws the amount left in the deposit account on August 5, 2025, iii) Transfers the land in Chennai city purchased on 3.8.2024 in December 2026 for Rs. 20,00,000, CII for 2008-09 = 137; for 2023-24 = 348.

(OR)

b) From the following particular of Mr. Edward for the previous year ended 31st March, 2024, compute his total income for the Assessment year 2024-25. He received:

	Rs.
i) Director's fee from a company	10,000
ii) Interest on bank deposits	3,000
iii) Income from undisclosed sources	12,000
iv) Winnings from Lotteries (net)	82,200
v) Royalty on a book written by him	8,000
vi) By giving lecturers in functions	5,000
vii) Interest on loan given to a relative	7,000
viii) Interest on tax free debentures of a company (listed in recognized stock exchange) Net	3,560
ix) Dividend on shares (Net) TDS @ 10%	5,400
x) Interest on post office savings bank A/c	500
xi) Interest on Government securities	2,200
xii) A sum of Rs. 26,000 is received as gift on 1-8-23 from a friend.	
xiii) A sum of Rs. 50,000 is received as	

gift on 1-10-23 from his sister.	
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He paid Rs. 20 for collection of dividend and Rs. 1,000 for typing the manuscript of book written by him. Mr. Edward has following other transaction.

1. House property 'A' purchased for Rs. 6 lakh (Stamp duty value: Rs. 6.5Lakh).
2. Plot of land purchased for Rs. 7 lakh (Stamp duty value Rs. 9 lakh).

20. a) The following particulars are furnished by Mr.Kumar for the assessment year 2024-25:

	Rs.
a) interest from Government securities (gross)	10,000
b) income from house property (Computed)	12,000
c) Profits from Rayon business before depreciation	28,000
d) Depreciation allowable	1,200
e) Speculation income	8,000
f) Short term capital gain on sale of jewellery	6,000
g) long term capital gain on sale of shares (unlisted)	28,000

The following losses were brought forward from assessment year 2023-24.

	Rs.
i) Loss from hosiery business of Assessment year 2020-21 (discounted)	4,000
ii) Loss from Rayon business of AY 2020-21	12,000
iii) Unabsorbed depreciation	5,000
iv) Speculation loss of AY 2018-2019	5,000
v) Short term capital loss of assessment year 2020-21	4,000
vi) Long-term capital loss (house)	35,000
vii) Speculation loss of AY 2021-22	6,000

Compute the total income after dealing with various losses allowable.

(OR)

b) Solve the income of the individual is as follows:

Find the tax liability:

- i) Income Rs. 45,00,000
- ii) Income Rs. 50,00,000
- iii) Income Rs. 1,00,00,000
- iv) Income Rs. 1,50,00,000
- v) Income Rs. 2.5 crore
- vi) Income Rs. 5.5 crore

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