(FOR THE CANDIDATES ADMITTED DURING THE ACADEMIC YEAR 2024-25 ONLY)

SUBJECT CODE **24 UCO 306**

REG.NO.

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

END-OF-SEMESTER EXAMINATIONS : NOVEMBER – 2025

B.Com. (AIDED & S.F.) **MAXIMUM MARKS: 75**

III SEMESTER **TIME : 3 HOURS**

PART – III

INCOME TAX LAW AND PRACTICE

SECTION – A (10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS. **(K1)**

1. Which one of the Income salary received by an Agricultural Farm's Manager ?
   a) Professional income b) Salary income
   c) Agricultural income d) Capital income
2. State, which one of the following is exempted?
   a) Dearness Allowance b) City Compensatory Allowance
   c) Foreign Allowance d) Medical Allowance
3. Which is referred to Sec 23(2) shall be the Annual value of the vacant house property?
   a) Municipal value b) Fair rent c) Standard rent d) Nil
4. Select the inadmissible expense?
   a) GST b) Expense on the assessment of the income tax
   c) Income tax d) Depreciation on machine
5. Which is Income from sub-letting of House Property?
   a) Income from other sources b) Income from house property
   c) Exempted d) Capital gains

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES **(K2)**

6. Define the term Person.
7. What do you understand by Public Provident Fund?
8. What is annual value?
9. Write a short note on capital asset.
10. Name the losses which can be carried forward.

SECTION – B (5 X 5 = 25 MARKS)

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

11. a) Define the term Income. Distinguish between Gross Total income and Total income.

(OR)

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b) Compare the assessment of i) Ordinarily resident
ii) Non-ordinarily resident
iii) Non-resident.

12. **a)** A gets Rs.18,000 per month as salary and dearness allowance at 10% of the salary. He is getting entertainment allowance of Rs.8,000 p.a. During the previous year ended 31st March 2025, he received a bonus of three month's salary. He is also provided with a rent free house (unfurnished) in a town (whose population is less than four lakh) whose fair rent is Rs.5,000 per month. Compute taxable salary for the Assessment year relevant to the previous year 2024-25.

(OR)

b) From the following information compute taxable income from salaries of Shri Mahesh for the Assessment year 2025-26:

1. Basic salary Rs.50,000 p.m.
2. Dearness allowance 30% of basic salary
3. Telephone allowance – Rs.500 p.m.
4. Medical insurance premium paid by the employer on the health of employee Rs.4,000
5. Employer provided the facility of laptop costing Rs.60,000 and computer costing Rs.40,000 for personal use.
6. Salary of house keeper reimbursed by employer Rs.24,000
7. Sri Mahesh paid employment tax Rs.2,000.

13. **a)** Compute the annual value of the house in the following cases:
Expected rent – Rs.1,00,000
House let-out at Rs.10,000 p.m.
House tax paid by owner Rs.9,000 (10% of municipal value)
House remains vacant for a) 1 month b) 3 months

(OR)

b) Mr.Ram took a loan of Rs 16,00,000 at 10% p.a. on 1.7.2022 for constructing a house. The construction of the house was completed in the previous year 2024-25. Compute the amount of interest deductible in computing the income from house property for the assessment year 2025-26 if the house is i) let out ii) self-occupied.

14. **a)** Discuss the reasons the admissibility or otherwise of the following expenditure by an assessee under the provisions of Income Tax Act 1961.

i) A sum of Rs.30,000 was provided towards goods and services tax liability in the accounts for the year ending 31.3.2025.

ii) An expenditure of Rs.15,000 incurred towards the cost of Neon Sign Board fixed on office premises for advertising his products.

iii) Stock in trade was lost in fire amounting to Rs.10,000 and was debited for Profit and loss account.

iv) Interest paid on borrowed capital to acquire an asset till the date on which such asset is put to use.

(OR)

b) Sri Sharma sells his residential house in Mangaluru on 24th August 2024 for Rs.55,00,000 and incurs an expenditure of Rs.1,00,000 in connection with the transfer. Cost of acquisition of the house for him in 1988 was Rs.8,00,000 and on 1st April 2001 the fair market value was Rs.8,00,000. On 16th January 2025 he deposits Rs.20,00,000 in the capital gains account scheme. Compute the taxable capital gains for the Assessment year 2025-26.

The cost inflation index for 2001-02 was 100 and for 2024-25 it was 363.

15. **a)** A owns a mall which has 20 shops. For the previous year 2024-25, he charged a total rent of Rs.50,00,000 for all the shops. Rent includes Rs.5,00,000 charges for various amenities such as lift maintenance, water supply, fire insurance premium, supervisor and security guards' salary etc. The actual expenditure on these services was Rs.4,70,000 during the previous year 2024-25.

Compute the gross total income of A for the Assessment year 2025-26.

(OR)

b) The total income of an individual for the Assessment year 2025-26 has been determined by the assessing officer at Rs.3,50,000. Later, it is found that he has not considered the following while determining the income :

i) Depreciation for the current year – Rs.12,000

ii) Unabsorbed depreciation carried forward – Rs.15,000

iii) Unabsorbed business losses carried forward from the Assessment year 2023-24 – Rs.3,000. Compute the gross total income for the Assessment year 2025-26.

SECTION – C (5 X 8 = 40 MARKS)

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

(K4 (Or) K5)

16. a) Following are the particulars of the income of Shri Sankar for the previous y year 2024-25:

S.No	Details	Amount
1	Profit from business in England received in India	12,000
2	Income from house property in Pakistan received in India	2,000
3	Income from house property in Bangladesh deposited in a bank there	4,000
4	Profit from business in Indonesia deposited in a bank there, this business is controlled from India	5,000
5	Income accrued in Bhopal but received in Singapore	6,000
6	Profit from business in India	15,000
7	Past untaxed foreign income brought into India during the previous year	20,000

Compute gross total income of Shri Sankar for the Assessment year 2025-2026, if he is a Ordinarily resident b) Not-ordinarily resident and c) Non-resident

(OR)

b) Particulars of income and losses of the previous year 2024-25 of Mr.Sanjay are given below. Compute his gross total income for the Assessment year 2025-26, if he is a Ordinarily resident b) Not-ordinarily resident and c) Non-resident

S.No	Details	Amount
1	Loss from house property situated in Canada	-20,000
2	Income from house property in India (computed)	15,000
3.	Income from business in India	40,000
4	Loss from business in Australia	-25,000
5	Income from business in Australia which is controlled from there	50,000
6	Interest on Indian Debentures	8,000
7	Income from salary in India	1,00,000

17. a) Compute taxable salary of Mr.X for the Assessment year 2025-26

i) Salary Rs.60,000 p.m.
ii) D.A.Rs.10,000 p.m.
iii) Entertainment Allowance Rs.1000 p.m.
iv) Employer’s contribution to Recognized Provident Fund Rs.88,800. His own contribution was Rs.88,800.
v) Interest at 10% p.a on credit balance of recognized P.F amounted to Rs.50,000
vi) City compensatory allowance Rs.500 p.m.
vii) Medical allowance Rs.1200 p.m.
viii) He has been provided with a large Car for both official and personal use. Employer bears all the expenses of the car.
ix) He is provided an unfurnished house by the employer in a city (Population 12 lakh) The fair rental value of the house is Rs.90,000 p.a. Employer charges Rs.2000 from him per month as rent.

(OR)

(CONTD …. 5)

b) The following are the particulars of the income of Mr.Ramesh for the previous year ended on 31st March 2025.

i) Salary Rs.45,000 p.m.
ii Bonus equal to two months' pay
iii) Dog allowance – Rs.750 p.m.
iv) Special allowance- Rs.600 p.m.
v) Employees contribution to a recognized provident fund at 15% of salary.
vi) Empoyer's contribution to the fund at 15% of the salary.
vii) Interest credited to the provident fund at 9.5% p.a. is Rs.28,000
viii) He is provided with free lunch in the office. The cost per meal is Rs.30.
ix) The employer has given him a small car which he uses for personal and official purposes. He meets the expenses for the personal purpose from out of his pocket.

Compute the income from salaries of Mr.Ramesh for the Assessment year 2025-26.

18. a) Mr.X is the owner of a house at Agra, particulars in respect of which for the year ended 31st March, 2025 are as below:

1. Actual rent received – Rs.4,500
2. Municipal valuation – Rs.4,200
3. Total Municipal tax – 630
4. Municipal tax paid by Mr.X – Rs.420
5. Municipal tax paid by the tenant – Rs.210
6. Interest on loan is taken for renewing the house – Rs.150
7. Unrealized rent allowed in the Assessment year 2021-22 recovered during the year – Rs.2,000

Compute Mr.X's income from house property for the Assessment year 2025-26.

(OR)

b) Mr.M a resident of Delhi, owns two houses, particulars of which are as below:

Details	**I**	**II**
Standard rent under the Rent Control Act	76,00	72,000
Municipal valuation	80,000	90,000
Fair rent	1,00,000	1,20,000
Defacto rent	---	90,000
Municipal taxes paid during the previous year	12,00	14,500
Fire insurance premium	1,000	9,000
Water benefit tax(due but outstanding)	1,200	1,500
Interest on loan is taken to contract the house	45,000	11,500
Rent of lease (due but outstanding)	1,500	1,500
Use of the asset	Self- occupied	Rented for residence

Compute the taxable income of Mr.M for the Assessment year 2025-26 from the head income from house property. The house I is constructed in Feb 2025 whereas the house II in 2015.

19. a) Shri Lal, the proprietor of a flour mill, has prepared the following profit and loss account for the year ending 31st March 2025. You are required to compute his income from business and his gross total income for the assessment year 2025-26.

Profit and Loss account

To Trade expenses	450	By Gross profit	2,35,900
To Establishment charges	2,200	By dividends from a co-operatives society	2,600
To rent rates and taxes	1,400	By rent from property	500

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To discount and allowance	200	By bad debts recovered (allowed as a deduction in an earlier year)	2,000
To income tax	700		
To interest	1,450		
To Postage charges	100		
To Gifts and presents for publicity	125		
To fire insurance premium	250		
To charities	375		
To donations	400		
To repairs and renewals	250		
To audit fees	250		
To Net profit transferred to Capital a/c	2,32,850		
	2,41,000		**2,41,000**

(OR)

b) ‘A’ sold a long term capital asset (listed securities) for Rs.16,50,000 in August 2024. It was purchased in August 2001 for Rs.1,20,000. In October 2024 he purchased bonds redeemable after five years issued by the NHAI for Rs.7,50,000. Equity shares for Rs.1,00,000 and residential house in Mumbai for Rs.5,50,000. In August 2024 he did not own any other residential house though he owned a big house property in Delhi. Compute taxable capital gains of the assessee for the previous year 2024-25.

20. a) Mr.Lalith an ordinarily resident in Indian earned the following incomes during the financial year 2024-25

Details	Amount
Director’s fees	2,000
Income from agricultural land in Pakistan	5,000
Ground-rent for land in Pathankot	10,000
Interest on postal savings bank account	100
Interest on deposits with Industrial Finance Corporation of India	500
Dividend from foreign company	700
Rent from sub-letting a house	26,250
Rent payable by Mr.Lalith for the sub-let house	12,000
Other expenses incurred on this sub-let house	1,000
Winnings from Horse race	12,300
Interest on securities	4,000

You are required to compute Income from other sources of Mr.Lalith for the Assessment year 2025-26.

(OR)

b) The following particulars are of taxable income under the various heads of Sri Kumar for the previous year 2024-25.

1) Income from house property – Rs.18,000
2) Income from the following business :
   i) Profit from cloth business – Rs.35,000
   ii) Loss from sugar business – Rs.16,000
   iii) Loss from silver business - Rs.22,000
   iv) Loss from share speculation – Rs.15,000
   v) Profit from specified business – Rs.70,000
3) Income from other sources – Rs. 60,000

Loss from house property for the Assessment year 2024-25 is brought forward Rs.7,500

Loss from the specified business for the Assessment year 2024-25 is brought forward Rs.1,00,000.

Compute gross total income after setting off the losses. Is there any loss which can be carried forward?.

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