

Reg. No. :

Code No. : 12093 E Sub. Code : CECO 51

B.Com. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2023.

Fifth Semester

Commerce — Major Elective

INCOME TAX LAW AND PRACTICE

(For those who joined in July 2021-2022)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Income tax act has been passed in _____
 - (a) 1961
 - (b) 1971
 - (c) 1981
 - (d) 1962
2. Residential status are classified into _____
 - (a) 5
 - (b) 2
 - (c) 4
 - (d) 6



3. Past untaxed income, now brought to India is _____
- (a) Taxable (b) Exempt
(c) Not Applicable (d) None of the Above
4. Hostel expenditure allowance is exempt for _____ children.
- (a) One (b) Three
(c) Four (d) Two
5. Fixed Medical allowance is _____
- (a) Fully Taxable
(b) Fully Exempt
(c) Exempt upto Rs. 15,000
(d) -NOTA
6. Municipal tax paid by the Tenant is _____ for deduction.
- (a) Eligible
(b) Not Eligible
(c) Partially Eligible
(d) 30% eligible

7. When Net Annual Value is in Negative, then Standard Deduction u/s 24 is _____
- (a) 30% (b) 1/5
(c) None (d) NOTA
8. If the Payment has made in cash, when it exceeds Rs. 10,000 is _____
- (a) Eligible
(b) Below 10,000 eligible
(c) Above 10,000 eligible
(d) Fully not eligible
9. Capital gains are divided into _____ types.
- (a) Two (b) Three
(c) Four (d) Five
10. Cost Inflation Index is applicable to _____ capital gain.
- (a) Short term (b) Long term
(c) Both (a) and (b) (d) NOTA



PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Define the term Assessee.

Or

(b) Explain the term Previous year.

12. (a) State any four exempted allowances.

Or

(b) What do you mean by PERKS?

13. (a) Mr. David foreign national comes to India for the first time on 2nd May 2018, continuously stayed till July 31, 2020 and again he back to India on 4th December 2022. Find his residential status for Assessment Year 2023-24.

Or

(b) Compute taxable HRA. Basic 12,000 p.m., DA (75% enters) 8,000 p.m. Commission from October 2022 to March 2023 Rs. 24,000. HRA 4,000 p.m. and rent paid 6,000 p.m., only from 1.10.2022. Bonus 20,000.

14. (a) Compute House property income. Municipal Value 72,000 p.a. Fair Rent 84,000 p.a. Standard Rent 78,000 p.a. Actual Rent 1,08,000 p.a. unrealised rent 2 months. Municipal tax 10% @ Municipal Value, of which municipal tax Due 1,200 and tenant paid 1,000.

Or

(b) Compute Business profit P & L A/C DEBIT : salary. 20,000 bad debt 3,000 life insurance 2,500 depreciation 3,600 donation 2,900 advertising (by cash) 23,500 provision for income tax 3,500 contribution to national lab 10,000 net profit 21000 P & L A/C CREDIT : gross profit 74,000 disallowed bad debt recovered 3,300 dividend 4,400 discount 1,300 Capital gain 7,000.

15. (a) Explain Capital Gain exemption under section 54.

Or

(b) Explain section 80 D.



PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) How will you determine the residential status of an Individual?

Or

- (b) State any eight exempted perquisites.

17. (a) Compute total income of Mr. James Albert, if he is

- (i) resident
- (ii) not ordinary resident
- (iii) non resident

- (1) Salary income received in Kenya for the services rendered in India 50,000.
- (2) Business income in Iran, management set up in Iraq 60,000 (1/3 received in India)

Page 6 Code No. : 12093 E

- (3) Income from business in Chennai, business being controlled from England 25,000.
- (4) Interest received on the units of UTI 5,000.
- (5) Amount received from non resident Indian for services provided in USA 40,000 (50% received in India)
- (6) Untaxed income for the previous year 2020-21 12,900 now brought to India.
- (7) Agricultural income in Chandigarh 10,000.
- (8) Rental income in Dhaka 16,000 deposited in a bank there.

Or

- (b) Compute salary income. Basic 15,000 p.m. D.P. 5,000 p.m. DA 4,000 p.m. CCA 750 p.m. Education allowance 600 p.m. for 3 children. Bonus 2 months pay, own and employers contribution to RPF @ 15% and interest credited in RPF a/c at 12% 8,400. Employer provide furnished accommodation in Chennai, its fair rental value 90,000 p.a. and furniture costing 25,000. He also provided 1.8 lt car with driver, professional tax paid by the owner 4,200. Cook and servant also provided by the employer in monthly payment of 2,200 and 3,300 respectively.

Page 7 Code No. : 12093 E



18. (a) Explain the various deductions eligible while computing Property income.

Or

(b) Mr. Abishek owns a big house its consist of 4 identical units, unit I self, unit II own business and remaining units are let out for 10,000 p.m. per unit. Unit III remains vacant for 2 months and unit IV there is a unrealized rent for 3 months. Municipal Value 3,60,000 p.a. Fair Rent 4,40,000 p.a. Municipal tax 12% MRV and interest on loan 25,000 and total Pre Construction Interest 80,000.

19. (a) State the provisions for carry forward and set off.

Or

(b) The Net Profit of Mr. Rakesh for the financial year 2022-23 as per his Profit and Loss Account after charging the following items was Rs. 1,82,000.

Page 8 Code No. : 12093 E

(i) Interest on capital 12,500

(ii) Staff salary 1,27,000

(iii) Owner salary 8,700

(iv) Office expenses 4,400

(v) Depreciation 9,400 (eligible as per I.T rule 8300)

(vi) Provision for income tax 3,900

(vii) House hold expenses 3,300

(viii) Advertisement 17,500 compute business income for the previous year ending on 31st March 2023.

20. (a) Enumerate the provisions under section 80 G.

Or

Page 9 Code No. : 12093 E



(b) Mr. Dinesh purchased a House in April 1996 for Rs. 22,000 its Fair Market Value on 1.4.2001 was 30,000 (CII 100). He incurred improvement expenses in December 2011 for 92,000(CII 184). He sold this property on October 2022 for 29,70,000 (CII 331) and he spend brokerage commission 20,000. He purchased a new house in March 2023 for 24,00,000 and deposited with bank under CGDS 2,20,000. Compute taxable capital gain for the previous year 2022-23.

