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Reg. No. :

Code No. : 12038 E Sub. Code : SECO 5 A/
AECO 51

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

Fifth Semester

Commerce

Major Elective — INCOME TAX LAW AND
PRACTICE – I

(For those who joined in July 2017–2020)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Income from rent of agricultural lands is
 - (a) Agricultural income
 - (b) House property income
 - (c) Business income
 - (d) Causal income

7. Interest on pre-construction period will be allowed in _____ equal annual instalments.
 - (a) 2
 - (b) 3
 - (c) 4
 - (d) 5

8. Interest on loan borrowed for house construction is allowed as deduction in section
 - (a) 24
 - (b) 30
 - (c) 22
 - (d) 16

9. Section 44AA deals with
 - (a) Compulsory audit of accounts
 - (b) Compulsory maintenance of books
 - (c) Estimated incomes
 - (d) Undisclosed incomes

10. Section 44AB deals with
 - (a) Compulsory audit of accounts
 - (b) Compulsory maintenance of books
 - (c) Illegal business
 - (d) Speculative business

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2. Income of previous year (01.10.22 to 31.03.23) is taxable in the assessment year
 - (a) 2021-22
 - (b) 2022-23
 - (c) 2023-24
 - (d) 2020-21

3. Individuals and HUF can be classified into _____ categories.
 - (a) Two
 - (b) Three
 - (c) Four
 - (d) Five

4. A firm, an A.O.P. a joint stock company or every other person can be classified into _____ categories.
 - (a) Two
 - (b) Three
 - (c) Four
 - (d) Five

5. Deduction for entertainment allowance is allowed to
 - (a) Private employees
 - (b) Semi-Govt. employees
 - (c) Govt. employees
 - (d) All employees

6. The maximum amount allowed as deduction for entertainment allowance is
 - (a) 5,000
 - (b) 10,000
 - (c) 15,000
 - (d) 50,000

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PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).
Each answer should not exceed 250 words.

11. (a) Who is an assessee?

Or

(b) How do you compute total income?

12. (a) List basic conditions relating to residential status of an individual.

Or

(b) Mr. Bala, an Indian citizen has been making frequent trips for his business purpose. For the first time he went abroad on 01.04.18. His stays in India during the last five years are as follows :

| | |
|---------|----------|
| 2018-19 | 150 days |
| 2019-20 | 60 days |
| 2020-21 | 90 days |
| 2021-21 | 100 days |
| 2022-23 | 75 days |

Determine his residential status for the P.Y. 2022-23.

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(P.T.O.)



13. (a) Define salaries.

Or

(b) What is meant by advance salary and arrear salary?

14. (a) From the following particulars, calculate the GAV.

| | |
|------------------------------|----------|
| | ₹ |
| Municipal rental value [MRV] | 3,00,000 |
| Fair rental value [FRV] | 2,80,000 |
| Standard rent value [SRV] | 3,50,000 |

Or

(b) List out any five exempted incomes from house property.

15. (a) What is meant by profession?

Or

(b) Explain the capital expenditure.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b)
Each answer should not exceed 600 words.

16. (a) Write the classifications of tax payers.

Or

(b) Explain the features of income.

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| | |
|--|-----------|
| C.C.A. | 2,500 p.m |
| Entertainment allowance | 1,000 p.m |
| Transport allowance | 1,000 p.m |
| House rent allowance (Actual rent he pays is 6,000 p.m.) | 5,000 p.m |

19. (a) Give a note on :

- (i) Standard rent
- (ii) Unrealized rent.

Or

(b) From the following particulars, compute income from house property which consists of two independent units having 1/3rd and 2/3rd area :

| | |
|------------------------|-------------|
| Date of completion | 01.11.2017 |
| Municipal rental value | ₹ 90,000 |
| Fair rental value | ₹ 1,20,000 |
| Self-occupied | 2/3 portion |

Let out 1/3rd portion from 01.04.22 to 30.09.22 @ 9,000 p.m. and self-occupied from 01.10.22 onwards.

| | |
|------------------------|--------------|
| Municipal taxes | ₹ 9,000 p.a. |
| Fire insurance premium | ₹ 3,000 p.a. |
| Ground rent | ₹ 4,000 p.a. |
| Interest on loan | ₹ 12,000 |

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17. (a) Enumerate the provision regarding to residential status of company.

Or

(b) Mr. Singh an India citizen went to U.S.A. on 10th Oct 2014 and returned to India after two years stay from three. Again, on 10th Oct 2018 he went to Iran but returned on 10th May 2022. He made another attempt to go abroad the finally succeeded to go to Canada. He left Delhi for Canada on 10th Feb 2023. Find out his residential status for assessment years 2022-23 and 2023-24.

18. (a) Illustrate various types of allowances.

Or

(b) Mr. Rathnam is working in sun network Ltd., Chennai. He is paid the following emoluments every month. Compute his gross salary.

| Particulars | ₹ |
|---|------------|
| Basic pay | 6,000 p.m |
| Bonus | 30,000 p.a |
| Dearness allowance (50% enters into retirement benefits) | 4,000 p.m |
| Education allowance for his children | 1,000 p.m |
| Hostel allowance (none of his children is sent to hostel) | 800 p.m |

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20. (a) From the following P and L A/c, compute business income.

| Particulars | ₹ | Particulars | ₹ |
|--|-----------------|---|-----------------|
| To general expenses | 10,000 | By gross profit | 1,40,000 |
| To fire insurance premium (50% for house property) | 8,000 | By bad debts recovered (disallowed earlier) | 10,000 |
| To salary | 30,000 | By interest on Govt. secu. | 5,000 |
| To advertisement (cash) | 25,000 | By rent from HP | 10,000 |
| To salary to proprietor | 20,000 | By long term capital paid | 10,000 |
| To interest on capital | 5,000 | | |
| To income tax | 10,000 | | |
| To sales tax | 5,000 | | |
| To donation | 10,000 | | |
| To motor car expenses | 2,000 | | |
| To net profit | <u>50,000</u> | | |
| | <u>1,75,000</u> | | <u>1,75,000</u> |

General expenses include Rs. 1,000 for drawings : car was used 50% for business purpose.

Or

(b) Discuss the procedure for computing business income.

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