

SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN  
(AUTONOMOUS)

(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)  
Chromepet, Chennai - 600 044.

B.Com. A&F - END SEMESTER EXAMINATIONS - APRIL 2025  
SEMESTER - V

**20UAFCT5015 - Income Tax Law & Practice - I**

Total Duration : 2 Hrs.30 Mins.

Total Marks : 60

### Section B

Answer any **SIX** questions (6 × 5 = 30 Marks)

1. The following are the income of Mr.Raj for the previous year of 2023-2024.

Particulars	₹
i) Dividend from Indian company	10,000
ii) Profit from the business in Japan received in India	1,20,000
iii) Profit from business in Pakistan deposited in a bank there. This business is controlled from India.	2,00,000
iv) Profit from business in Indore	1,10,000
v) interest received from a non-resident, on the loan provided to him for a business carried in India	50,000

Compute taxable income if he is:

a) Resident b) Not- ordinarily resident c) Non- resident

2. Mr.R joined a new job in April 2018. His particulars of salary for the previous year 2023-2024 are as under:

Particulars	₹
Basic salary	₹40,000 p.m
D.A	₹20,000 p.m (50% enters)
Other taxable allowances	₹12,000 p.m

Employer and employee both are require to contribute @12% of employees salary towards employees' pension scheme. Mr.R contributes an additional amount of ₹60,000 in NPS. Calculate Mr.R income and deduction u/s 80C.

3. Mr.Damodar retired on 15-6-2023 from a manufacturing company after putting service of 30 years and 7 months. He received a gratitude of ₹3,60,000. basic salary of Mr.Damador was under ₹20,000 p.m during 2022 and ₹22,000 p.m during 2023. He was also getting a D.A @ ₹50,000 p.m which was increased from ₹4,000 on 1-4-2023. 50%of D.A is presumed to enter into salary computation of all retirement benefits but 100% of D.A is a part of basic salary for calculation for pension benefits. Compute his taxable gratuity, if he is not covered under Payment of Gratuity Act 1972.
4. Compute the income from house property from the information given below:

Particulars	₹
Municipal rental value	18,000
Received rent during the year	24,000
Municipal taxes (50% paid by tenant)	1,800 p.m
Expenses incurred on repairs	
a) By owners	3,000
b) By tenant	3,000
Collection charge	1,000
Date of completion of house	1/6/1998

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5. Discuss how the following items are to be dealt with in the income tax assessment of the company.
- Capital expenditure on scientific research ₹4,00,000
  - Expenses by the way of brokerage, stamp fee, lawyers fee etc., amounting to ₹90,000 for raising the long term loan of ₹10,00,000.
  - Preliminary expenses before the commencement of production ₹1,60,000
  - Expenses for shifting an industrial undertaking from urban to rural area.
  - Provision of ₹2,80,000 for doubtful debts.
6. Mr.K who is running a factory since 2013, purchased a machine on 30-11-2022 for ₹2,00,000 and spent ₹24,000 on its installation. It was used for his own business till 1-5-2023 on which date he sold for ₹1,20,000. He repurchased it on 1-10-2023 for ₹3,20,000. Determine the actual cost and depreciation admissible for the year ending 31-3-2024. Rate of depreciation is 15% in the previous year 2022-23 and 2023-24. Compute depreciation from 2022-23 and 2023-24.
7. Compute Total Income and Tax Payable by Mr.Dev for the assessment year 2024-2025.

Particulars	₹
Income from salary	4,42,000
Income from house property	30,000
Short term capital gains	50,000
Income from other source	43,100
Deduction u/s 80 applicable	75,000

8. Abbreviate PAN and explain its importance.

### Section C

Answer any **THREE** questions (3 × 10 = 30 Marks)

9. Give any ten examples of income which are totally exempted from income-tax.
10. Mr.A an employee of Ranchi based company provides the following particulars of his following income.

Particulars	₹
Basic salary	12,000
Commission on turnover achieved by Mr.A	42,000
Entertainment allowance	2000 p.m
Transport allowances	6,000
Rent free house provided by employer	6000p.m
Gas, water and electricity bills issued in the name of employee but paid by employer	16,800

Compute the income under the head salary for the assessment year 2024-25 assuming the employee opts to be taxed under new tax regime.

11. Mr.S owns two houses the particulars of which are given below for the previous year 2023-2024

Particulars	House A ₹	House B ₹
Annual rent	Nil	1,72,000 p.a
Standard rent	5,00,000 p.a	1,50,000 p.a
Municipal valuation	4,90,000 p.a	1,60,000 p.a
Fair rent	5,00,000 p.a	1,80,000 p.a
Municipal taxes paid during the year	49,000 p.a	16,000 p.a
Fire insurance (due)	5,000 p.a	3,000 p.a
Ground rent paid	4,500 p.a	3,900 p.a
Interest on money borrowed during the year 1998-99 for construction of house (50% paid)	36,000 p.a	48,000 p.a
Unrealised rent (pertaining to this year)	Nil	6,000
Nature of occupation	Self-occupied	Let out

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Compute income from house property for the assessment year 2024-25 under old tax regime assuming that the assessing officer is satisfied with non-recovery of rent.

12. From the following profit and loss account of a manufacturer, calculate the income under the head 'Profit and Gains of Business or Profession' for the year ending on 31<sup>st</sup> March

Particulars	₹	Particulars	₹
Salaries to employee	1,95,000	Gross profit	5,80,000
Advertisement expenses (in cash)	24,000	Interest on securities	14,000
General expenses	16,000	Income from house property	25,000
Entertainment expenses	22,000	Bad debts recovered (allowed earlier)	12,000
Bad debts	1,500		
Drawing by the proprietor	24,000		
GST (due and paid on 1-7-2024)	6,000		
Interest on proprietors' capital	7,000		
Repair	2,500		
Rent	21,000		
Legal expenses	5,000		
Depreciation	15,000		
Bonus (due)	6,000		
Bonus to proprietor	4,000		
Car purchased	72,000		
Expenses on car during the year	12,000		
Donation	2,000		
Provision for bad debts	6,000		
Net profit	1,90,000		
	6,31,000		6,31,000

From the examination of books of accounts, the following other information are available:

- i) Advertisement expenses were spent on insertion in newspaper.
  - ii) ₹3,000 were spent on purchase of land and are included in the legal expenses.
  - iii) Half of the repair expenses were on let-out building.
  - iv) Depreciation allowable on all assets including car is ₹14,400.
  - v) Bonus was paid to employee on 30-6-2024 and date of filing of return is 31-7-2024.
13. The following particulars are given by M.D Mathur, Madras in respect of his annual income for the year ended 31<sup>st</sup> March 2024:
- i) Consolidated salary till 30-9-2023 at ₹13,500 p.m and from 1-10-2023 ₹14,000 p.m
  - ii) Contribution to recognised provident fund by self and employer-each 12% of salary.
  - iii) Life insurance premium paid ₹1,200 (sum assured ₹20,000 and policy taken on 1-4-2013)
  - iv) Bonus ₹20,000
  - v) Interest on dividend income:

	₹
Interest on term deposits with	29,000
Income from unit of Unit Trust of India	25,000
Interest on debentures Ponds India Ltd.	21,750
Interest on Govt. Securities	13,000
  - vi) Long term capital gains on sale of jewellery ₹30,000  
Short term capital gain on sale of share (STT paid) ₹20,000

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- vii) Medical expenses incurred in private hospital for the treatment of self and family ₹80,000. His employer reimbursed only upto ₹50,000
- viii) Rent received from tenant of own house property ₹9,600. Municipal taxes paid ₹600.

Prepare Mathur's statement of income showing computation of taxable income given such explanation as necessary and tax liability. Salary is due on last date of the month.

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