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Reg. No.....

Name.....

M.Com. DEGREE (C.S.S.) EXAMINATION, APRIL 2025

Third Semester

Faculty of Commerce

CM 010 302—INCOME TAX—LAW AND PRACTICE

(Common for all Branches)

[2019 Admission onwards]

Time : Three Hours

Maximum Weight : 30

Section A

*Answer any **eight** questions.*

Each question carries a weight of 1.

*Each answer shall not exceed **one** page.*

1. What is the relationship of tax liability and residential status ?
2. What is agricultural income ? Write any *five* examples of non-agricultural income.
3. Explain the deductions allowed from the head 'income from salary'.
4. What do you mean by casual income ? Explain provisions related to it.
5. What is inter-head adjustment of losses ?
6. In what conditions a speculation loss may be carried forward to set-off ?
7. X gets Rs. 18,000 per month as salary and D.A. at 10 per cent of the salary. He is getting entertainment allowance of Rs. 8,000 p.a. During the Previous year ended 31st March, 2024, he received a bonus of three months' 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 2023-24.





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8. Ms. Deepthi has a house property let out to a bank. She gives the following Details :

Municipal valuation Rs. 1,50,000 (municipal taxes paid 5 %)

Fair rental value Rs. 1,70,000, Standard rent Rs. 1,65,000

Actual rent Rs. 1,68,000 (Rs. 14,000 per month)

Interest on loan (to purchase the house) paid in 2023-24 Rs. 45,000

(half pertains to the financial year 2022-23)

As per agreement rent increased from Rs. 12,000 to Rs. 14,000 per month effect from 1.10.2022, but the arrears of increased rent was paid in June 2023. Compute income from house property taxable for the year 2023-24.

9. Mr. Lal purchased a capital asset on September 10, 2021 for Rs. 3,00,000. He converted this capital asset into stock-in-trade as on August 8th, 2023. On August 8th, 2023 the fair market value of the asset was Rs. 4,50,000. He sold this stock on January 5th, 2024 for Rs. 5,50,000. Compute total taxable income.
10. From the following information of a trader., compute the gross total income for the Assessment Year 2024-25 :

		Rs.
Income from House Property (Computed)	...	2,50,000
Business loss	...	60,000
Current year's depreciation	...	10,000
Business loss of preceding years	...	50,000
Unabsorbed depreciation of preceding years	...	30,000
Short term capital loss	...	42,000
Long term capital gains	...	50,000

(8 × 1 = 8)





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Section B

*Answer any **six** questions.*

Each question carries a weight of 2.

*Each answer shall not exceed **two** pages.*

11. What are the different categories into which the assesseees are divided with regard to residential status. Give a brief account of each of them ?
12. Define annual value. State the deductions that are allowed from the annual value, in computing the income from house property.
13. Explain the provisions regarding set-off of losses while computing the total income.
14. What is rebate in income tax ? Explain the Section 87A of Income Tax Act.
15. Mr. Roshan is employed, by a company in London mainly operating in U.K.

He was in India for a period of 112 days during the previous year 2023-24 and was abroad for the rest of the period on official duty. However, he was in India for more than 365 days during the 4 years 2022-23, 2021-22, 2020-21 and 2019-20, in connection with his official duties. His income from salary aboard during the year 2023-24 amounted to Rs. 18,00,000 and he received rent of a hotel building in Delhi Rs. 24,00,000. Determine his residential status for the year 2023-24 and find out the amount on which he is liable to pay tax in India.

16. From the following information compute the taxable capital gains :
 - (a) Mr. Z purchased a house property in May 2010 for Rs. 16,70,000.
 - (b) Mr. Z sold the property on June 2023 for Rs. 70,00,000.
 - (c) Stamp Valuation Authority valued the property Rs. 90,00,000 which is not objected by the seller or the buyer of the house.
 - (d) On 15th November 2023 Mr. Z purchased a residential flat for Rs. 25,00,000.

The cost inflation index for 2010-11 was 167 and for 2023-24 was 348.

Turn over





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17. Mr. Singh, a resident individual, submits the following particulars of his income for the year ended 31st March, 2024 :

- (i) Income from royalty from a coal mine—Rs. 20,000.
- (ii) Agricultural income from Bangladesh—Rs. 18,000.
- (iii) Salary for a part-time job with a firm—Rs. 21,000.
- (iv) Salary as Member of Parliament—Rs. 38,000.
- (v) He has taken a residential house on rent of—Rs. 1,000 p.m., half of which he has sub-let at—Rs. 1,200 p.m.
- (vi) Daily allowance as M.P.—Rs. 15,000.
- (vii) Dividend received from a co-operative society—Rs. 5,000.
- (viii) He has incurred the following expenses :
 - (a) Paid collection charges Rs. 250 for collecting dividends.
 - (b) Rs. 3,000 spent for earning and collecting royalty income

Compute Mr. Singh's Income from Other Sources for the Assessment Year 2024-25.

18. Mr. 'Y' who is totally blind submits the following information. Compute his total income :

	Rs.
Salary	... 2,90,000
Rent received from house (p.m.)	... 30,000
Short term capital gain	... 12,000
Dividend from co-operative society	... 8,000
Accrued interest on NSC VIII issue	... 3,000
Deposited in PPF	... 10,000
Paid life insurance premium	... 6,000
Paid to PMDRF by cheque	... 5,000

(6 × 2 = 12)





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Section C

*Answer any **two** questions.*

Each question carries a weight of 5.

19. Sunil Das is a government officer. During the Previous Year 2023-24 his emolument was as under :

- (a) Basic salary Rs. 12,000 p. m., Dearness allowance 150 % of salary (under the terms of employment), City compensatory allowance Rs. 200 p. m. From 1st January, 2024 his salary has been revised at Rs. 36,000 p.m. 5 % D.A. and Rs. 500 p.m. city compensatory allowance are payable. On 1st March, 2024 he gets Rs. 17,500 as arrears on account of salary revision.
- (b) Tour allowance—Rs. 4,000.
- (c) Overtime allowance—Rs. 4,000.
- (d) Special allowance for duty performance—Rs. 1,800.
- (e) Rent-free house rent of which is Rs. 300 p. m. according to government rules, fair rent of such house is—Rs. 1,500 p.m. Cost of furniture Rs. 40,000.
- (f) His contribution to statutory PF is 8.33 %.
- (g) Employer's contribution to group insurance scheme—Rs. 500.
- (h) Professional tax—Rs. 500 and Income tax Rs. 6,200 paid by the employee.
- (i) Entertainment allowance 600 p. m.

Compute taxable salary for the Assessment Year 2024-25. The salary becomes due on 1st day of next month.

20. Mr. Martin constructed a big house in July 2013, municipal valuation of which is Rs. 80,000 p.a., while its standard rent under the Rent Control Act is Rs. 90,000 annual. The house was used in the following manner during the previous year:

- (a) 25 % portion for self-residence ; (b) 25 % portion for self-office ; (c) 25 % portion let-out for residential purpose (Rs. 2,000 p.m.) ; and (d) 25 % portion let-out to a commercial firm (Rs. 2,000 p.m.).





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Other particulars of the house are as follows :

- (i) Municipal Corporation tax Rs. 12,800 (Actual payment during the Previous year 2023-24 Rs. 9,000) ;
- (ii) Repairs Rs. 4,500 ;
- (iii) Ground rent Rs. 6,800 ;
- (iv) Annual charge Rs. 4,000 (created by will by his father) ;
- (v) Fire insurance premium Rs. 2,000 ;
- (vi) Rent collection charges Rs. 1,800.

He had taken a loan from Housing Board on construct the house @ 12 % p. a. of Rs. 2,00,000. Interest was due Rs. 24,000 during the previous year. Out of which Rs, 20,000 was paid. Compute income from house property for the assessment year 2024-25.

21. The Net profit of Mr. Manohar as per his Profit and Loss Account after charging the following items was Rs. 3,60,000 :

- (i) Interest on capital Rs. 20,000 ;
- (ii) Salary to staff Rs. 1,16,000 ;
- (iii) Office expenses Rs. 3,500 ;
- (iv) Bad debts written off Rs. 13,000 ;
- (v) Provision for bad debts Rs. 10,000 ;
- (vi) Provision for income tax Rs. 16000 ;
- (vii) Donation Rs. 10,000 ; and
- (viii) Depreciation Rs. 17,000. Depreciation allowable as per Act Rs. 12,000. Compute income from the business.





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22. From the following particulars of Mr. Kiran Sen, compute his total income and net tax payable by him for the Assessment Year 2024-25 :

	Rs.
(a) Rent from let-out property (subject to TDS @ 10 %)	... 3,00,000
(b) Long-term capital gains (Computed)	... 2,00,000
(c) Profit from own business	... 8,00,000
(d) Income from lottery (Gross)	... 80,000
(e) Net agricultural income	... 40,000
(f) Interest on savings bank account	... 10,000
(g) Payment of interest on loan taken for higher education	... 30,000
(h) Income from Card Game	... 10,000
	(2 × 5 = 10)

