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G. VENKATASWAMY NAIDU COLLEGE (AUTONOMOUS), KOVILPATTI – 628 502.



UG DEGREE END SEMESTER EXAMINATIONS - NOVEMBER 2024.

(For those admitted in June 2021 and later)

PROGRAMME AND BRANCH: B.COM.,

SEM	CATEGORY	COMPONENT	COURSE CODE	COURSE TITLE
III	PART - III	CORE	U21CO307	INCOME TAX LAW AND PRACTICE

Date & Session: 09.11.2024 / FN

Time : 3 hours

Maximum: 75 Marks

Course Outcome	Bloom's K-level	Q. No.	SECTION - A (10 X 1 = 10 Marks) Answer <u>ALL</u> Questions.
CO1	K1	1.	A person will be classified as a "Resident" in India for tax purposes if a) They have been in India for 182 days or more during the previous year b) They have been in India for 60 days or more in the previous year and 365 days or more in the preceding four years c) Either A or B d) None of the above
CO1	K2	2.	Past untaxed income brought to India is taxable in the hands of a) Resident and not ordinarily resident b) Resident and ordinarily resident c) Non-resident d) None of these
CO2	K1	3.	What is the tax treatment of "Dearness Allowance" under Income from Salary? a) Fully taxable b) Partly taxable c) Fully exempt d) Exempt up to Rs. 1 lakh
CO2	K2	4.	Which of the following correctly describes "Perquisites" under Income from Salary? a) Salary in advance b) Benefits received by an employee in addition to salary c) Bonus for exceptional work performance d) Compensation for overtime work
CO3	K1	5.	Which of the following expenses is NOT allowed as a deduction while computing income from business or profession? a) Rent for business premises b) Income tax paid by the business c) Depreciation on assets d) Salary paid to employees
CO3	K2	6.	Which of the following best explains the term "Depreciation" in the context of Income from Business or Profession? a) A reduction in the value of business assets due to market conditions b) The amount spent on repairing business assets c) A deduction allowed for the reduction in value of assets over time d) The cost of replacing business assets
CO4	K1	7.	The "Annual Value" of a house property is determined by which of the following factors? a) Actual rent received b) Municipal value c) Fair rent d) Higher of municipal value, fair rent, or actual rent received
CO4	K2	8.	If a house property is self-occupied, what is the taxable income from the property? a) Fair rental value b) Nil c) 30% of the fair rent d) Standard rent

CO5	K1	9.	Under which section of the Income Tax Act is the assessment of an individual's total income determined? a) Section 143 b) Section 139 c) Section 80C d) Section 24																								
CO5	K2	10.	If an individual taxpayer has paid excess tax through TDS, what option is available to them during the assessment process? a) The excess tax will be forfeited b) The taxpayer can claim a refund while filing the tax return c) The taxpayer must pay additional taxes d) The taxpayer cannot make any changes once TDS is deducted																								
Course Outcome	Bloom's K-level	Q. No.	SECTION – B (5 X 5 = 25 Marks) Answer ALL Questions choosing either (a) or (b)																								
CO1	K3	11a.	Explain the objectives of taxation. (OR)																								
CO1	K3	11b.	Mr. Arul, an Indian citizen left India for the first time on 29.9.2023. He did not return until 31.3.2024. Determine his residential status for the P.Y 2023-2024.																								
CO2	K3	12a.	Mr. Ram is employed at Bombay. His basic Salary is Rs. 5,000 per month. He receives Rs. 5,000 p.a. as house rent allowance. Rent paid by him is Rs. 12,000 p.a. find out the amount of taxable house rent allowance. Assuming assessee has not opted u/s 115BAC. (OR)																								
CO2	K3	12b.	Describe the characteristics of salary.																								
CO3	K4	13a.	Distinguish Business and Profession. (OR)																								
CO3	K4	13b.	From the following details, compute the taxable income under the head income from business . Profit before adjusting the following items is Rs. 7,00,000																								
			<table border="1"> <tr> <td>i)</td> <td>Trade expenses</td> <td>5,000</td> </tr> <tr> <td>ii)</td> <td>Establishment expenses</td> <td>10,000</td> </tr> <tr> <td>iii)</td> <td>Household expenses</td> <td>2,000</td> </tr> <tr> <td>iv)</td> <td>Discount allowed</td> <td>1,000</td> </tr> <tr> <td>v)</td> <td>Income tax</td> <td>700</td> </tr> <tr> <td>vi)</td> <td>Provision for bad debts</td> <td>1,000</td> </tr> <tr> <td>vii)</td> <td>Donation to National Defence fund</td> <td>1,000</td> </tr> <tr> <td>viii)</td> <td>Audit fees</td> <td>200</td> </tr> </table>	i)	Trade expenses	5,000	ii)	Establishment expenses	10,000	iii)	Household expenses	2,000	iv)	Discount allowed	1,000	v)	Income tax	700	vi)	Provision for bad debts	1,000	vii)	Donation to National Defence fund	1,000	viii)	Audit fees	200
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CO4	K4	14a.	Explain the deductions allowed on Income From House Property. (OR)																								
CO4	K4	14b.	Write a note on Unrealized Rent.																								
CO5	K5	15a.	Explain the gross total income. (OR)																								
CO5	K5	15b.	State the rate of tax for an individual assessee.																								

Course Outcome	Bloom's K-level	Q. No.	SECTION – C (5 X 8 = 40 Marks) Answer ALL Questions choosing either (a) or (b)
CO1	K3	16a.	Construct the provisions relating to scope of total income. (OR)
CO1	K3	16b.	Following are the incomes of Ganesan for the PY :2023-24

			<ol style="list-style-type: none"> 1. Salary received in India 2,00,000 2. Commission received in India for services Rendered in Hongkong 4,00,000 3. Pension received in Indonesia for services Rendered in India 1,50,000 4. House property income received in UK for the House situated in India(Computed) 1,25,000 5. Business income from manufacturing unit set up in India 20,000 6. Business income received in Singapore from a business controlled from India 40,000 7. Consultation fees received in Thailand from a Profession controlled from India 60,000 8. Income earned in USA from a business setup in USA and controlled from there 50,000 9. Professional income received in Austria from Profession set up in Austria 40,000 10. Pension earned and received in Japan 20,000 11. Interest on securities of UK govt received in UK 50,000 12. Income of the year 2012received in West Indies and brought into India on 30-8-2022 60,000 13. Salary earned and kept in Iran during the year 2019-20 and brought to India during 2023-24 4,50,000 <p>Ascertain the total income of Ganesan; if he is</p> <ol style="list-style-type: none"> (a) Resident and ordinarily resident (b) Resident but not ordinarily resident (c) Non-Resident 																				
CO2	K4	17a.	<p>Mr. Vijayakumar is working in Bharath Electronics Limited, Trichy (Population 20 lakh). He furnishes the following particulars. Compute his taxable salary for the P.Y 2023-24</p> <p>Basic Salary Rs. 9,000 p.m, D.A Rs. 6,000 p.m, Bonus Rs. 5,000 p.a, Commission (2% on turnover) Rs. 20,000, He is provided with rent free accommodation by the employer. The rent paid by the company for that accommodation is Rs. 4,000 p.m, Employer contribution towards RPF is Rs. 24,000.</p> <p style="text-align: center;">(OR)</p>																				
CO2	K4	17b.	<p>Smitha is an employee of a partnership firm. She submits the following information:</p> <p>Basic salary Rs.30,000 p.m. Dearness allowances: Rs.8,000 p.m (1/4 of which is part of salary for retirement benefits) Employer's contribution to provident fund Rs.4,000 p.m. (Smitha makes an equal contribution) Interest credited at the rate of 15%: Rs.30,000. Commission received by her on turnover, Rs.10,000. Fixed commission p.m Rs.3,000. Bonus Rs.5,000. Children hostel expenditure allowance received for 3 of her children Rs.15,000. Find out the gross salary of Smitha</p>																				
CO3	K4	18a.	<p>Elaborate the procedure for computing professional income.</p> <p style="text-align: center;">(OR)</p>																				
CO3	K4	18b.	<p>Mr. Kumar an advocate furnishes the following receipts and payments for the previous year 2023 – 2024.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">Receipts</th> <th style="width: 10%; text-align: center;">Rs.</th> <th style="width: 50%; text-align: center;">Payments</th> <th style="width: 10%; text-align: center;">Rs</th> </tr> </thead> <tbody> <tr> <td>To Balance b/d</td> <td style="text-align: right;">6,540</td> <td>By Rent</td> <td style="text-align: right;">2,400</td> </tr> <tr> <td>To Legal fees</td> <td style="text-align: right;">84,400</td> <td>By Telephone</td> <td style="text-align: right;">3,000</td> </tr> <tr> <td>To Interest on debentures</td> <td style="text-align: right;">2,700</td> <td>By Salaries</td> <td style="text-align: right;">2,400</td> </tr> <tr> <td>To Salary (as part time lecturer)</td> <td style="text-align: right;">3,600</td> <td>By Travelling charges</td> <td style="text-align: right;">560</td> </tr> </tbody> </table>	Receipts	Rs.	Payments	Rs	To Balance b/d	6,540	By Rent	2,400	To Legal fees	84,400	By Telephone	3,000	To Interest on debentures	2,700	By Salaries	2,400	To Salary (as part time lecturer)	3,600	By Travelling charges	560
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To gift from client	10,000	By Office expenses	840
To Rent	6,000	By Stamp paper	1,600
To interest on foreign security	8,000	By Interest on loan	870
To refund of company deposit	2,000	By Donation to a school	5,000
		By Balance c/d	1,06,570
Total	1,23,240	Total	1,23,240

Compute the **professional Income**.

CO4 K5 19a. Mr. Z owns two houses, which are occupied by him for his own residence, detailed particulars houses and his other incomes for the previous year 2023 - 2024 are given below.

Particulars	I	II	III
Fair Rent	5,00,000	6,00,000	7,00,000
Municipal Value	4,20,000	5,50,000	6,50,000
Standard rent	4,50,000	6,20,000	5,50,000
Municipal taxes paid	50,000	60,000	-
Interest on loan	1,60,000	1,40,000	50,000
Date of loan borrowed	1.12.1998	1.5.2000	1.10.2010

Mr. Z earns income from other sources amounting to Rs. 3,00,000. Compute his total income and advise him which house should be opted for self occupation.

(OR)

CO4 K5 19b. From the following information of Mr. Hussain, ascertain the net annual value of the letout portion of the house for the previous year 2023-24.
Municipal value Rs. 20,000 p.a
Fair rental value Rs. 30,000 p.a
Standard rental value Rs.36,000 p.a
Actual rent Rs. 3,500 p.m
Municipal tax is 20% of the municipal value. However as per agreement, 50% of it paid by the tenant.

CO5 K5 20a. Discuss the procedure to compute the tax liability of an individual assessee.

(OR)

CO5 K5 20b. From the following particulars, calculate taxable income and tax liability of Mr. Nithyanandan for the previous year 2023-24.
Income from salary (Computed) Rs. 6,00,000
Income from house property Rs. 60,000
Income from other sources Rs. 1,20,000
Donation to National Defence Fund Rs. 10,000