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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., BUSINESS ANALYTICS

SEM	CATEGORY	COMPONENT	COURSE CODE	COURSE TITLE
V	PART - III	CORE	U21BA508	INCOME TAX LAW AND PRACTICE - I

Date & Session: 05.11.2024 / FN

Time : 3 hours

Maximum: 75 Marks

Course Outcome	Bloom's K-level	Q. No.	SECTION - A (10 X 1 = 10 Marks) Answer ALL Questions.
CO1	K1	1.	_____ is a progressive Tax. a) Custom duty b) Sales tax c) Income tax d) Development Surcharge
CO1	K2	2.	In which year did the income tax act come into force? a) 1961 b) 1958 c) 1922 d) 1962
CO2	K1	3.	Residential Status is determined for _____. a) Previous Year b) Assessment Year c) Accounting Year d) Financial Year
CO2	K2	4.	Total Income of a person is determined on the basis of his _____. a) Citizenship b) Residential Status c) None of the above d) Both of the above
CO3	K1	5.	Dearness allowance is taxable in the hands of _____. a) Government Employees b) Non-Government Employees c) All Employees d) None of these
CO3	K2	6.	Education allowance is exempted for a maximum of _____. a) One Child b) Two children c) Three children d) Four children
CO4	K1	7.	Under the Head Income from House Property, the basis of charge is the of property _____. a) annual value b) quarterly value c) half-quarterly value d) none of the above
CO4	K2	8.	The net annual value of a house property can be negative _____. a) Deduction under section 24 are more than income b) When municipal taxes paid by the owner are more than gross annual value c) When house property is self-occupied d) When the house property was vacant throughout the year.
CO5	K1	9.	Under Income Tax Act depreciation is allowed on _____. a) Cost Price b) Market Price c) W.D.V. d) Face Value
CO5	K2	10.	Contribution made to an approved research association is eligible for deduction up to: a) 50% b) 80% c) 100% d) 125%
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.	Classify the different categories of Assessee. (OR)
CO1	K3	11b.	Explain the different types of Income.
CO2	K3	12a.	International Remedies is a registered company in Germany, and has a registered office in Germany, but the management and control are situated wholly in Bombay (India). What will be the residential status of the company for tax purpose? (OR)
CO2	K3	12b.	Sri P.C. Reddy, an Indian citizen has different sources of income in India and U.K. a) Income from property in U.K.

			<p>b) Salary earned and received in India c) Profits from a business situated in U.K. but controlled from India. d) Past untaxed foreign income brought to India during the previous year. e) Dividend paid by an Indian company and received in U.K. f) Profit earned from a business in Hyderabad. He would like to know his tax liability if he is: 1) Ordinarily resident 2) Not ordinarily resident 3) Non-resident in India in respect of the above incomes.</p>																				
CO3	K4	13a.	<p>Mr. Viplav is entitled to a salary of Rs. 30,000 per month and Dearness Allowance of Rs. 8,000, 60% of which forms part of retirement benefits. He is also entitled to a House Rent Allowance of Rs. 12,000 per month. He actually pays Rs.15,000 for a house in Chennai. Compute his Gross Salary.</p> <p style="text-align: center;">(OR)</p>																				
CO3	K4	13b.	<p>Mr. Manoj is getting a pension of Rs. 3,000 per month from a company. During the previous year he got his two-third pension commuted and received Rs. 1, 40,000. He is not a government employee. Compute the exempted amount, if (a) he also received gratuity (b) he did not received gratuity, for the assessment year 2024-25.</p>																				
CO4	K4	14a.	<p>Find out the gross annual value of the following house property: Expected Rent Rs. 85,000 Rent per month Rs. 8,000 Let out period 9 months.</p> <p style="text-align: center;">(OR)</p>																				
CO4	K4	14b.	<p>From the following calculate Gross Annual Value, assuming that there is no vacant period.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Particulars</th> <th style="width: 30%;">House 1</th> <th style="width: 30%;">House 2</th> </tr> </thead> <tbody> <tr> <td>MRV</td> <td style="text-align: right;">1,05,000</td> <td style="text-align: right;">1,05,000</td> </tr> <tr> <td>FRV</td> <td style="text-align: right;">1,07,000</td> <td style="text-align: right;">1,07,000</td> </tr> <tr> <td>SR under rent control act</td> <td style="text-align: right;">1,35,000</td> <td style="text-align: right;">1,35,000</td> </tr> <tr> <td>Actual Rent (AR)</td> <td style="text-align: right;">1,12,000</td> <td style="text-align: right;">98,000</td> </tr> <tr> <td>Period in the previous year</td> <td style="text-align: right;">12 months</td> <td style="text-align: right;">12 months</td> </tr> </tbody> </table>	Particulars	House 1	House 2	MRV	1,05,000	1,05,000	FRV	1,07,000	1,07,000	SR under rent control act	1,35,000	1,35,000	Actual Rent (AR)	1,12,000	98,000	Period in the previous year	12 months	12 months		
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CO5	K5	15a.	<p>From the following, compute the taxable income under the head income from business, profit before adjusting the following items is Rs. 5,50,000.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 20%;">Rs.</th> </tr> </thead> <tbody> <tr> <td>Administrative expenses</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>Trade expenses</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td>Household expenses</td> <td style="text-align: right;">3,000</td> </tr> <tr> <td>Discount allowed</td> <td style="text-align: right;">4,000</td> </tr> <tr> <td>Income tax</td> <td style="text-align: right;">400</td> </tr> <tr> <td>Provision for bad debts</td> <td style="text-align: right;">2,000</td> </tr> <tr> <td>Bad debts</td> <td style="text-align: right;">3,000</td> </tr> <tr> <td>Donation to P.M. National relief fund</td> <td style="text-align: right;">4,000</td> </tr> <tr> <td>Legal fee</td> <td style="text-align: right;">200</td> </tr> </tbody> </table> <p style="text-align: center;">(OR)</p>		Rs.	Administrative expenses	10,000	Trade expenses	5,000	Household expenses	3,000	Discount allowed	4,000	Income tax	400	Provision for bad debts	2,000	Bad debts	3,000	Donation to P.M. National relief fund	4,000	Legal fee	200
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CO5	K5	15b.	<p>Mr. Rajan submits the following particular of his business from which you calculate from business. Particulars Net Profit as per P/L (after charging the following) Rs.1,25,000 1. Sales tax Rs.20,000 and Income tax Rs.55,000 2. Bad debts provision Rs.3000 3. Commission to procure business order Rs.8,000 4. Interest on capital Rs.38,000 5. Depreciation Rs.4,000 (but as per income tax rules Rs.2,000 only)</p>																				

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.	Describe the objectives of Taxation in India <p style="text-align: center;">(OR)</p>
CO1	K3	16b.	Enumerate the features of Income Tax.

CO2	K4	17a.	<p>Shri Hanuman Prasad has the following incomes for the previous year ending on 31.3.2024.</p> <ol style="list-style-type: none"> Income from salary in India from a company (He went to Australia for some months due to his service and received salary for such period there) 50,000 Dividend from an Indian company received in England and spent there 10,000 Income from house property in India received in Pakistan 20,000 Dividend from a foreign company received in England and deposited in a bank there 10,000 Income from business in Kolkata, managed from USA 20,000 Income from business in USA (controlled from Kanpur Head Office) 12,000 						
CO2	K4	17b.	<p>7. Income was earned in Australia and received there, but brought into India 25,000</p> <p>8. His material uncle sent a Bank Draft from France as a gift to him on his marriage 20,000</p> <p>Compute the gross total income, if he is (a) ROR (b) RNOR (c) NR</p> <p>(OR)</p> <p>Mr. Sunil earns the following income during the previous year 2023-24</p> <ol style="list-style-type: none"> Interest from an Indian company received in Germany rs, 1,00,000 Pension from former employer in India received in U.K. Rs, 2,00,000 Income from companies in USA and received in India 1,00,000 Income from agriculture in USA and received in India 10,000 Income from employment in Japan received there rs, 20,000 Past untaxed profits brought to India rs, 50,000 <p>Compute GTI of Sunil for the assessment year 2024-25 if he is,</p> <ol style="list-style-type: none"> Resident Not ordinarily resident Non resident 						
CO3	K4	18a.	<p>Mr. Satish is employed as a pilot in Air India. He is in receipt of the following during the previous year 2023-24: Basic salary Rs.50,000 per month Bonus One month of basic salary Entertainment allowance Rs.1,500 per month Uniform allowance Rs.1,200 per month He has spent Rs. 8,000 for purchase and maintenance of uniform for official purposes. He has been given Rs. 6,000 per month as allowance to meet personal expenses during the performance of his duties in the transport system. Compute his income under the head salary for the assessment year 2024-25.</p> <p>(OR)</p>						
CO3	K4	18b.	<p>Mr. Raghav employed in XYZ Co. Ltd. As Finance Manager, gives the list of perquisites provided by the company to him for entire financial year 2022-23:</p> <ol style="list-style-type: none"> Medical facility given to his family in a hospital maintained by the employer company. The estimated value of benefit derived from such facility is Rs. 30,000. Domestic servant was provided at the residence of Mr. Raghav. Salary of domestic servant is Rs. 1,200 per month. The servant was engaged by him and the salary is reimbursed by the company. Free education was provided to his two children in a school maintained and recovered by the company for such education facility from Raghav. (Rs. 1,200 p. m. of one child and Rs. 800 of the other) The employer has provided movable assets such as television, refrigerator and air conditioner at the residence of Raghav. The actual cost of such assets provided to the employee is Rs. 1,50,000. A gift voucher worth Rs. 10,000 was given on the occasion of his marriage anniversary. It is given by the company to all employees above certain grade. <p>Compute the total value of taxable perquisites of Mr. Raghav for the assessment year 2024-25.</p>						
CO4	K5	19a.	<p>Compute his income from house property for the AY 2024-25 Mr. leelamma is the owner of a house in kottayaram. The details regarding her house are given below.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Municipal value</td> <td style="text-align: right;">8400</td> </tr> <tr> <td>Rent received</td> <td style="text-align: right;">9000</td> </tr> <tr> <td>Total Municipal tax</td> <td style="text-align: right;">1260</td> </tr> </table>	Municipal value	8400	Rent received	9000	Total Municipal tax	1260
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CO4	K5	19b.	Mr. Joseph is owner of a residential house construction of which was completed on 31-10-2015 and it has been let out from 1-12-2011 for residential purposes, Its other particulars are: <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">Rs.</td> </tr> <tr> <td>Municipal Rental Value</td> <td style="text-align: right;">15,000 p.a.</td> </tr> <tr> <td>Fair Rental Value</td> <td style="text-align: right;">18,000 p.a.</td> </tr> <tr> <td>Standard Rent under rent control act</td> <td style="text-align: right;">1,500 p.m.</td> </tr> <tr> <td>Actual Rent</td> <td style="text-align: right;">1,600 p.m.</td> </tr> <tr> <td>Municipal taxes paid (including Rs.1,500 paid by tenant)</td> <td style="text-align: right;">2,500</td> </tr> <tr> <td>Water and Sewerage benefit tax levied by the state</td> <td></td> </tr> <tr> <td>Government not paid yet as it is disputed in appeal</td> <td style="text-align: right;">1,200</td> </tr> <tr> <td>Fire Insurance payable</td> <td style="text-align: right;">600</td> </tr> <tr> <td>Legal charges for recovery of rent</td> <td style="text-align: right;">1,500</td> </tr> <tr> <td>Stamp duty and Registration charges incurred in respect of lease agreement of the house.</td> <td style="text-align: right;">3,000</td> </tr> </table> The unrealised rent for the year 2021-22 amounted to Rs. 16,000 Out of which a deduction has been claimed for Rs.12,000. During the year Rs.14,000 were recovered from the defaulting tenant. Compute income from house property for the P.Y 2023-24.		Rs.	Municipal Rental Value	15,000 p.a.	Fair Rental Value	18,000 p.a.	Standard Rent under rent control act	1,500 p.m.	Actual Rent	1,600 p.m.	Municipal taxes paid (including Rs.1,500 paid by tenant)	2,500	Water and Sewerage benefit tax levied by the state		Government not paid yet as it is disputed in appeal	1,200	Fire Insurance payable	600	Legal charges for recovery of rent	1,500	Stamp duty and Registration charges incurred in respect of lease agreement of the house.	3,000																																																																						
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CO5	K5	20a.	Sri Nehru is the proprietor of a business. His profit and loss account for the year ended March 31, 2023 is as follows: <table style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">₹</th> <th style="width: 20%;"></th> <th style="width: 20%; text-align: center;">₹</th> </tr> </thead> <tbody> <tr> <td>Establishment</td> <td style="text-align: right;">4800</td> <td>Gross profit</td> <td style="text-align: right;">350840</td> </tr> <tr> <td>Rent, rates and taxes</td> <td style="text-align: right;">2900</td> <td>Interest on govt. Security</td> <td style="text-align: right;">5400</td> </tr> <tr> <td>General Charges</td> <td style="text-align: right;">750</td> <td>rent from house property</td> <td style="text-align: right;">5400</td> </tr> <tr> <td>Household expenses</td> <td style="text-align: right;">51730</td> <td></td> <td></td> </tr> <tr> <td>Commission</td> <td style="text-align: right;">1500</td> <td></td> <td></td> </tr> <tr> <td>Discount and allowances</td> <td style="text-align: right;">450</td> <td></td> <td></td> </tr> <tr> <td>Provision for bad debts</td> <td style="text-align: right;">1200</td> <td></td> <td></td> </tr> <tr> <td>Postage and telegrams</td> <td style="text-align: right;">270</td> <td></td> <td></td> </tr> <tr> <td>Law charges</td> <td style="text-align: right;">450</td> <td></td> <td></td> </tr> <tr> <td>Advertising</td> <td style="text-align: right;">1550</td> <td></td> <td></td> </tr> <tr> <td>Fire Insurance Premium (for goods)</td> <td style="text-align: right;">360</td> <td></td> <td></td> </tr> <tr> <td>Value added tax paid</td> <td style="text-align: right;">1450</td> <td></td> <td></td> </tr> <tr> <td>Repairs and renewals (not for business premises)</td> <td style="text-align: right;">630</td> <td></td> <td></td> </tr> <tr> <td>Loss on sale of motor car (used for private purposes)</td> <td style="text-align: right;">1800</td> <td></td> <td></td> </tr> <tr> <td>Life insurance premium</td> <td style="text-align: right;">1790</td> <td></td> <td></td> </tr> <tr> <td>Interest on capital</td> <td style="text-align: right;">1090</td> <td></td> <td></td> </tr> <tr> <td>Audit fee</td> <td style="text-align: right;">300</td> <td></td> <td></td> </tr> <tr> <td>Interest on bank loan</td> <td style="text-align: right;">1380</td> <td></td> <td></td> </tr> <tr> <td>Provision on depreciation</td> <td style="text-align: right;">2500</td> <td></td> <td></td> </tr> <tr> <td>Provision for income tax</td> <td style="text-align: right;">3900</td> <td></td> <td></td> </tr> <tr> <td>Net profit transferred to capital a/c</td> <td style="text-align: right;">280840</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">361640</td> <td></td> <td style="text-align: right;">361640</td> </tr> </tbody> </table> <p>Following further information are given :</p> <ol style="list-style-type: none"> a) Actual bad debts written off during the year amount to ₹550 b) Amount of income tax actually paid during the year is ₹ 4200 c) Depreciation allowable is ₹1700 as per income tax rules. d) Advertising expenses include ₹.550 spent on special advertising campaign to open a new shop in the market. e) Law charges are in connection with protection of a trademark. 		₹		₹	Establishment	4800	Gross profit	350840	Rent, rates and taxes	2900	Interest on govt. Security	5400	General Charges	750	rent from house property	5400	Household expenses	51730			Commission	1500			Discount and allowances	450			Provision for bad debts	1200			Postage and telegrams	270			Law charges	450			Advertising	1550			Fire Insurance Premium (for goods)	360			Value added tax paid	1450			Repairs and renewals (not for business premises)	630			Loss on sale of motor car (used for private purposes)	1800			Life insurance premium	1790			Interest on capital	1090			Audit fee	300			Interest on bank loan	1380			Provision on depreciation	2500			Provision for income tax	3900			Net profit transferred to capital a/c	280840				361640		361640
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- f) Sri Nehru carries on his business from a rented premise, half of which is used as his residence. Rent, rates and taxes include ₹.2400 paid as rent of the premises during the year.
- g) Bank loan is taken for business purpose.
Compute the business income of Sri Nehru and his gross total income for the assessment year 2024-2025.

(OR)

CO5 K5 20b.

Dr. Satish is a Medical Practitioner. He gives you following summary of cash book for the year ending 31-3-2023.

Particulars	Rs.	Particulars	Rs.
To Balance b/d	10,000	By Rent of clinic	18,000
To Consultation fees	60,000	By Purchase of Medicine	38,000
To Visiting fees	45,000	By Staff Salaries	24,000
To Gifts and Presents	8,000	By Surgical equipment	40,000
To Sale of Medicines	42,000	By Motor Car expenses	8,000
To Dividend from UTI	6,000	By Purchase of Motor Car	1,40,000
To Life Insurance Maturity	1,00,000	By Household expenses	7,000
To Dividend from N.D.S	6,000	By Balance c/d	2,000
	2,77,000		2,77,000

Other Information's:

- Household expenses include Rs.6,800 Insurance Premium.
- 50% of Motor Car Expenses incurred in connection with profession. Car was Purchased in December 2019.
- Gift and Present Include Rs.3,000 from relatives.
- Opening stock of medicines was Rs.4,000 & Closing stock was Rs.12,000.