

B.COM.(C.S) DEGREE EXAMINATION - NOVEMBER 2024
CORPORATE SECRETARYSHIP
FIFTH SEMESTER

COURSE : MAJOR – CORE
PAPER : INCOME TAX PRACTICES
SUBJECT CODE : 19CO/MC/IP54
TIME : 3 HOURS **MAX. MARKS: 100**

SECTION – A

ANSWER ALL QUESTIONS: **(10 x 2 = 20)**

1. State any two characteristics of salary income.
2. What are the exceptions to the general rule “Income of previous year is assessable in the assessment year”?
3. What is the treatment of preliminary expenses in computation of business income?
4. Write a note on casual income.
5. Explain the deduction under section 80C.
6. Compute Gross Annual value from the following information
MRV –Rs. 1,00,000 FRV –Rs.80,000 SR- Rs.70,000 Actual rent received –Rs.7,000 p.m.
Unrealised rent –Rs.10,000.
7. Calculate income from other sources from the following:
Gift from friend – Rs.20,000
Gift from father –Rs.30,000
Winnings from horse race – Rs.5,000
Income from lottery (net) – Rs.1,50,000
8. Calculate Depreciation and closing W.D.V as on 31.3.24 of Plant and machinery
WDV as on 01-04-2023 Rs.8,00,000, cost of new plant as addition acquired on 01-05-2023
for Rs.4,00,000. Rate of depreciation -5%.
9. Calculate tax liability of Mr. Ramesh (Age 58 years) whose Total income Rs. 5,07,550.
10. Mr. Andrew purchased a house on 25th February 2007 for Rs.6,09,000. During the previous year 2023-24 it was sold for Rs.10,00,000. Expenses in connection with transfer of sale was Rs.10,000. (CII 2006-07 -122, 2023-24 348).

SECTION – B

ANSWER ANY FIVE QUESTIONS: **(5 x 8 = 40)**

11. Shri.Jagdish Prasad’s gross total income for the previous year ending on 31st March, 2024 is Rs. 40,15,000. He donated the following amounts by cheques:
Prime Minister’s National Relief Fund Rs.1,00,000.
National Children’s Fund Rs.2,00,000.
Rs.2,00,000 for repairs of a temple of public worship so notified.
Rs.1,00,000 to a local college for construction of class rooms.
Rs. 20,000 given as aid to a poor student.
Rs.1,00,000 to a Municipality.
Rs. 50,000 to U.P. Government for family planning.
Determine his deduction under 80 G for the assessment year 2024-25.

12. The following are the particulars of Income of Kumar of Previous year 2023-24.
- Rent from a property in Delhi received in USA Rs.80,000
 - Income from a business in USA controlled from Delhi Rs.1,20,000
 - Income from a business in Bangalore controlled from USA Rs.180000
 - Rent from a property in USA received there, later on remitted to India Rs.60,000
 - Interest from deposits with an Indian co. received in USA. Rs.20,000
 - Profits for the year 2014-15 of business in USA remitted to India Rs.10,000
 - Past untaxed income during the previous year 20-21 Rs. 45,000
- Determine its Taxable Income in case he is i) OR ii) NOR iii) NR
13. Calculate Income from House property for Mr. Amul for the Assessment year 2024-25:
- Municipal Value –Rs.51,000
 Fair Rental value –Rs.75,000
 Standard rent – Rs.80,000
 Actual rent – Rs.8,000 per month
 Unrealised rent Rs.20,000
 Municipal tax paid by the owner –Rs.5,500
 Municipal tax paid by tenant – Rs.3,000
 Interest on loan taken to construct the house – Rs.10,000.
14. From the following particulars provided by Ms. Amrita calculate her taxable income from other sources for the AY 2024-25:
- Winnings from lotteries (net amount) Rs.21,000
 - Rs.6,000 received as interest on Government securities
 - Dividend declared by an Indian company Rs.6,000
 - 10% tax free debentures of a limited company Rs.50,000.
 - He received royalty Rs.15,000, from textbooks which he has written. He claims that he has spent Rs.1,500 for purchase of books.
 - Director fees Rs.7,000.
 - Winnings from cross word puzzle Rs.12,000.
 - Rs.25,000, 6% UP Government loan.
15. After serving for 33 years and 9 months in Bharat Chemicals Ltd., Mr. X retires from service on 30th November 2023. The employer pays him gratuity of Rs.9,00,000. His monthly basic salary at the time of retirement was Rs.30,000, Dearness allowance Rs.9,000. You are required to compute the amount of gratuity exempted if
- He is covered under the payment of gratuity act
 - He is not covered under the payment of gratuity act.

16. Dr. Rajesh is a Medical Practitioner. He gives you the following summary of his books maintained on cash basis for the year ending 31-3-2024.

Receipts	Rs.	Payments	Rs.
To balance b/f	10,000	By rent of clinic	18,000
To consultation fee	60,000	By purchase of medicine	38,000
To visiting fee	45,000	By staff salaries	24,000
To gifts and presents	8,000	By surgical equipment	40,000
To sale of medicine	42,000	By motor car expenses	8,000
To dividend from U.T.I	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 closing balance	2,000
TOTAL	2,77,000	TOTAL	2,77,000

Other information:

- 50% of the motor car expenses are incurred in connection with profession.
 - Household expenses include Rs.6,800 insurance premium.
 - Gifts and presents include Rs.3,000 from relatives.
 - Closing stock of medicine Rs.12,000 and opening stock on 1-4-2021 was Rs.4,000.
- Compute his Professional gain for the AY-2024-2025.

17. Mr. Suresh sells a property on December 5, 2024 for Rs.18,00,000. (Cost of acquisition on February 10,2012 Rs.1,00,000. Expenses on transfer Rs. 10,000 respectively. On March 25,2024 Mr. Suresh acquires bonds issued by the Rural Electrification Corporation Ltd. for Rs.8,00,000 and also acquired bonds issued by National Highway Authority of India for Rs.7,00,000 on July 20,2024. (CII 2011-12 -184). He also sold Machine A which was purchased on 1.10.2013 at a cost of Rs.7,00,000. Its written down value on 1.4.2023 was Rs.5,00,000 and sold on 1.8.2023 for Rs.4,00,000. (CII 2023-24 -348).

SECTION – C

ANSWER ANY TWO QUESTIONS:

(2 x 20 = 40)

18. Mr. Varun is a software engineer working in TCS Ltd. at Chennai. He furnished the following particulars:
- Salary - Rs.40,000 p.m.
 - Dearness allowance (50% enters in service benefits) - Rs.20,000 p.m.
 - City compensatory allowance – Rs.2,000 p.m.
 - Bonus – Rs.40,000
 - HRA (Actual rent paid is Rs.8,000) -6,000 p.m.
 - He is provided with a laptop costing Rs.40,000
 - Marriage gift given to Mr. Varun – Rs.30,000
 - Medical allowance –Rs.1,500 p.m. Medical expenses paid by the company – Rs.8,000
 - He is given lunch allowance of Rs.150 per day for 300 days during the previous year.
 - He contributes 18% of his salary to a recognised provident fund and his employer also contributes the same.
 - The company is paying insurance premium of Rs.15,000 p.a. on Varun's life.

- He takes a medical insurance for his wife and dependent children. The premium paid is Rs.50,000.
 - Educational allowance provided for his 3 children is Rs.1,000 p.m.
- Compute his Total income for the previous year 2023-24:

19. Sunil a retail trader of Kochin gives the following trading and profit & loss account for the relevant previous year.

Trading and Profit and Loss Account for the year ended

Particulars	Rs.	Particulars	Rs.
To Opening stock	1,20,000	By Sales	11,50,500
To Purchases	9,34,000	By Income from UTI	11,000
To Gross Profit	2,46,000	By Other Business receipts	8,500
		By Closing stock	1,30,000
Total	13,00,000		13,00,000
To Salary	54,000	By Gross Profit b/d	2,46,000
To Rent, Rates & Taxes	30,000	By Interest on Debtors	60,000
To Interest on Loan	10,000		
To Depreciation	1,20,000		
To Advertisement	21,000		
To Sundry expenses	2,940		
To Loss on sale of Assets (Short-term)	9,000		
To Other expenses	9,060		
To Net profit	50,000		
Total	3,06,000		3,06,000

Additional Information:

- Opening stock was undervalued by 10%. Closing stock was over valued by 10%.
- Salary includes Rs. 24,000 paid to his brother for personal expense.
- Advertisement expenses includes Rs.10,000 spent on installation of Neon Sign board.
- Rent and Rates includes rent of house property Rs.4,100.
- Other Business receipts include Rs. 4,200 received as refund of excise duty.
- Other Expenses include Rs.4,000 paid as Donation to a place of worship for all religions.
- He earned Rs.10,000 in gold smuggling not shown in books.
- Preliminary expenses of Rs.20,000 has not been shown in the books of accounts.
- Entertainment expenses of Rs.8,000 have been spent during the year but not debited to P&L account.

Compute Business Income for the AY 2024 -25.

20. From the following details compute Income from Other Sources for the AY 2024-25.

- Amount received from Lottery tickets - Rs.1,00,000
- Winnings from horse race - Rs. 50,000 (Net)
- Dividend received from cooperative society – Rs.20,000
- He has earned an income of Rs.40,000 under speculation business.
- Income from undisclosed sources – Rs.20,000
- Interest on deposit with a company – Rs.10,000

- Royalty for writing books – Rs.80,000 (expenditure on writing books is Rs.20,000)
- Interest on post office savings bank –Rs.10,000
- Family Pension received Rs.24,600.
- Dividend from R Ltd. company – Rs.30,000
- Interest received on Government securities held as investments Rs.14,000.
- Rs.89,800 , 10% tax free debentures of a listed company.
- 7 % Capital investment bonds – Rs.20,000
- Rs.8,000 received as interest from less tax commercial securities.
- Expenses incurred on purchase of lottery tickets –Rs.500.

21. Compute Taxable capital gains from the following situations for the PY 2023-24

- a. Mr. Rajesh purchased a machine on 1.10.2015 at a cost of Rs.8,00,000. W.D.V on 1.4.2023 was Rs.5,00,000 and sold on 1.8.2023 for Rs.3,00,000.
- b. Mr. Arun purchases a house property for Rs.26,000 on 10 th May 1986. He gets the first floor of the house constructed in 1990-1991 by spending Rs.40,000. He dies on 12th September 2003. The Property is transferred to Mrs. X by his will. Mrs. X spends Rs.80,000 and Rs.26,700 during 2006-07 and 2008-09 respectively for the reconstruction of the property. Mrs.X sells the house property for Rs.95,00,000 on 15th March 2024. (brokerage paid by Mrs.X is Rs.41,500). The fair market value of the house on 1st April 2001 is Rs.4,60,000.
(CII for 2006-07 -Rs.122, 2008-2009 - 137, 2023-24 - Rs.348, 2001-02 -Rs.100, 2003-04 - Rs.109.)
- c. Mr. Hari sold his residential house on 1.10.2023 for Rs.18,00,000 which he had purchased for Rs.3,00,000 on 1.2.2003. He spent Rs.60,000 for its improvement in 2004-2005. Mr. Hari invested the capital gain in the purchase of a residential house on 1.12.2019 for Rs.3,00,000 and invested on 1.3.2020 Rs.1,50,000 in the bonds of National Highway Authority of India. (CII 2002-03 – 105, 2004 -05 -113).
- d. Mrs. Karthika purchased agricultural land (Agra city) in 2002-2003 (self-cultivated) for Rs.2,00,000. She sold the land on 10.7.2023 for Rs.7,50,000. The capital gain has been invested in the purchase of a house on 10.8.2023 for Rs.2,00,000 and purchased another piece of agricultural land on 10.10.2023 at Rs.1,50,000. (CII 2002-03 – Rs.105)
