

31. Sri. Nehru is the proprietor of a business. His profit and loss account for the year ended March 31, 2023 is as follows.

Establishment	4,800	Gross profit	3,50,840
Rent, rates and taxes	2,900	Interest on government securities	5,400
General charges	750	Rent from house property	5,400
Household expense	51,730		
Commission	1,500		
Discount and allowances	450		
Provision for bad debt	1,200		
Postage and telegram	270		
Law charges	450		
Advertising	1,550		
Fire insurance Premium (for goods)	360		
Goods and service tax paid	1,450		
Repairs and renewals (not for business premises)	630		
Loss on sale of motor car (used for private purpose)	1,800		
Life insurance premium	1,790		
Interest on capital	1,090		
Audit fee	300		
Interest on bank loan	1,380		
Provision for depreciation	2,500		
Provision for income tax	3,900		
Net profit transferred to capital account	2,80,840		
	<b>3,61,640</b>		<b>3,61,640</b>

Following further information is given:

- Actual bad debt written off during the year amount to Rs 550
- Amount of income tax actually paid during the year is Rs 4200
- Depreciation allowable is Rs 1700 as per income tax rules.
- Advertising expenses include Rs 550 spent on special advertising campaign to open a new shop in the market.
- Law charges are in connection with protection of a trade mark.
- Sri. Nehru carries on his business from a rented premise. Half of which is used as his residence. Rent rates and taxes include Rs 2400 paid as rent of the premises during the year.
- Bank loan is taken for business purposes.

Compute the business income of Sri Nehru and his total income for the A.Y 2023-24.

(2 × 15 = 30 Marks)

\*\*\*\*\*

(4)

22U360

(Pages: 4)

Name: .....

Reg. No: .....

**THIRD SEMESTER B.Com. PROFESSIONAL DEGREE EXAMINATION, NOV 2023**

(CUCBCSS-UG)

(Regular/Supplementary/Improvement)

**CC17U BCP3 B10 – INCOME TAX LAW AND PRACTICE**

(Core Course)

(2017 Admissions onwards)

Time: Three Hours

Maximum: 80 Marks

**Part A**

Answer *all* questions. Each question carries 1 mark

(A) Choose the correct answer:

- Which one of the following is not a part of retirement benefit?
  - Gratuity
  - pension
  - Earned leave salary
  - Entertainment allowance
- The present income tax Act is known as
  - Income tax act,1992
  - Income tax act,1886
  - Income tax act,1962
  - Income tax act,1961
- Capital gain on depreciable asset will always be.
  - STCG
  - long term capital gain
  - Tax free
  - none of these
- Which of the following is not chargeable to tax under the head income from other source?
  - dividend from a cooperative society
  - Prize on crossword puzzle
  - Profit on sale of goodwill of a business
  - Interest from bank
- Concealment of income or false claims to reduce tax liability are cases of
  - Tax evasion
  - Tax planning
  - Tax avoidance
  - Tax management

(B) Fill in the blanks:

- Exemption limit for the assessment year 2023-24 for a super senior citizen of India is .....
- Municipal tax is allowed as a deduction if it is paid by the ..... of the property.
- An individual who want to be resident of India must stay in India for at least ..... days
- Rate of income tax is fixed under ..... act
- Including the income of other person with the income of an individual is called .....

(10 × 1 = 10 Marks)

**Part B** (Short Answer Questions)

Answer any *eight* questions. Each question carries 2 marks.

- What do you mean by MMR?
- Differentiate between gross total income and total income.
- What is accelerated assessment?
- Differentiate between statutory provident fund and recognized provident fund.
- What are the deductions allowed from annual value of a house property while computing the income from house property?

(1)

**Turn Over**

16. Define block of asset.  
 17. What is a capital asset?  
 18. What is subletting?  
 19. What is section 80C of the income tax Act?  
 20. Who is a specified employee?

(8 × 2 = 16 Marks)

**Part C** (Short Essay Questions)Answer any *six* questions. Each question carries 4 marks.

21. Sri. Abijith is the owner of a house property. From the following particulars. Compute the incomes from house property for the assessment year 2023-24.  
 (a) Municipal valuation: 90,000, fair rent: 1,10,000, standard rent fixed by the court: 1,00,000.  
 (b) The house was let out w.e.f 1.4.2022 for Rs. 8,000 p.m. which was vacated by the tenant on 30/9/2022. since then it remained vacant for 2 months. from 1/12/2022 it was again let out for a rent of Rs. 11,000 p.m.  
 (c) Municipal tax paid: 20% of municipal valuation.  
 (d) Insurance premium paid Rs. 3,000.  
 (e) Interest on money borrowed for construction of house property Rs. 30,000.
22. State any ten incomes exempted from income tax
23. How the value of residential accommodation is calculated under the head salaries?
24. Shri. Jagadish Prasad's gross total income for the previous year ending 31/3/2023 is Rs. 40,15,000. he donated the following amounts.  
 (a) Prime ministers national relief fund Rs 100000  
 (b) National children's fund Rs 200000  
 (c) 200000 for repairs of a temple of public worship so notified  
 (d) 100000 to a local college for construction of class rooms.  
 (e) 20000 given as aid to a poor student  
 (f) 100000 to municipality  
 (g) 50000 to U.P Government for family planning.  
 He deposited Rs 15000 in public provident fund. Determine his total income for the assessment year 2023-24.
25. Mr. Aravind a bank employee is now working at Mumbai. His particulars of income during the previous year are given below.  
 Basic pay 150000, Dearness allowance 30000 (under the terms of employment), Commission @ 3% on turnover achieved by him 500000, HRA received 30000.  
 Determine the taxable amount of HRA if the actual rent paid by him for the house occupied by him during the year was 45000.
26. Mr. S sold his property in January 2023 at 50 lakh, which he had purchased in December 2022 for Rs 30 lakh. He spent around 2lakh on house improvement during the period and also paid a brokerage of 0.5 percent of the sale price of the house at the time of selling the house.  
 What will be his taxable capital gain?

27. Mr. Lalith an ordinary resident in India earned the following incomes during the financial year 2023-24.

Directors fee 2000

Income from agricultural land in Pakistan 5000

Interest on postal saving bank account 100

Interest on deposit with industrial finance corporation of India 500

Dividend from foreign company 700

Rent from subletting a house 26250

Rent payable by Mr. Lalit for the sublet house 12000

Other expenses incurred on this sublet house 1000

Winning from horse race 12300

Interest on securities 4000

You are required to calculate 'income from other source of Mr. Lalit for the assessment year 2023-24.

28. State different kinds of house property from which income is fully exempted.

(6 × 4 = 24 Marks)

**Part D** (Essay Questions)Answer any *two* questions. Each question carries 15 marks

29. Mr. Akshay a resident individual submits the following information relevant to the previous year ending 31/3/2023:

Particulars	Amount
Income from salary (computed)	212000
Income from house property	
(a) House 1	12000
(b) House 2	(-)250000
(c) House 3(self-occupied)	(-)10000
Profits and gains of business and profession	
(a) Business 1	8000
(b) Business 2	(-)12000
(c) Business 3(speculative)	(-)64000
(d) Business 4 (speculative)	36000
Capital gains:	
(a) Short term capital loss	(-)6000
(b) Long term capital gain on transfer of shares	5400
Income from other sources	
(a) Income from card games	36000
(b) Income from betting	24000
(c) Loss on maintenance of horse race	(-)4600

Determine the gross total income for the assessment year 2023-24.

And also explain the rules of set-off.

30. Explain how the residential status of an individual is determined.