

**THIRD SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2023****(Regular/Improvement/Supplementary)****B.Com. Professional****GBCP3B10T: INCOME TAX LAW AND PRACTICE****Time: 3 Hours****Maximum Marks: 80****PART A: Answer *all* the questions. Each question carries *one* mark.****Choose the correct answer.**

1. Exemption limit for the assessment year 2023-24 for a non-resident individual is.....  
a. ₹ 1,50,000      b. ₹ 1,60,000      c. ₹ 2,50,000      d. ₹ 3,00,000
2. House owned by employer and is provided to an employee in a city where the population is 12 lakhs. Value of the facility of house shall be.....  
a. 15% of salary      b. 10% of salary      c. 7.5% of salary      d. Fair rent
3. The rate of depreciation on intangible assets is.....  
a. 25%      b. 20%      c. 15%      d. 5%
4. Capital gain on depreciable assets will always be.....  
a. Short term      b. Long term      c. Tax free      d. Business income
5. Maximum deduction allowed for senior citizen under Section 80D is .....  
a. ₹ 15,000      b. ₹ 20,000      c. ₹ 25,000      d. ₹ 50,000

**Fill in the Blanks.**

6. The period of 12 months commencing on the 1<sup>st</sup> day of April every year is known as .....
7. Annual value of the house property is ₹ 40,000. Standard deduction u/s 24 shall be .....
8. H Ltd. has unabsorbed depreciation of ₹ 5,00,000 for the previous year 2022-23. This can be carried forward for .....
9. Salary of an MP will be taxable under the head.....
10. The deduction available under section 80QQB in respect of royalty income of authors shall not exceed..... in previous year.

**(10 x 1 = 10 Marks)****PART B. Answer any *eight* questions. Each carries *two* marks.**

11. How to find out the residential status of company?
12. How income of the person leaving India will be taxed?
13. What is profit in lieu of salary?
14. Comment on the treatment of interest on loan taken for the construction of house property.
15. Write note on speculative business income.

**(PTO)**

16. What is a capital asset?
17. What is meant by grossing up of interest?
18. What is income tax rebate?
19. X Ltd. incurred capital expenditure of ₹ 2,00,000 on 1-4-2022 for the acquisition of patents and copyrights. Calculate the amount of deduction allowable, if any.
20. Mr. S retired from service on 31<sup>st</sup> December, 2022. His pension was fixed at ₹ 6,000 p.m. He commutes half of his pension and received ₹ 2,70,000. Compute the taxable amount of commuted pension, if he is a private employee who gets gratuity.

**(8 x 2 = 16 Marks)**

**PART C. Answer any six questions. Each carries *four* marks.**

21. State the features of tax evasion.
22. Explain the deductions that are specifically allowed in computing business income.
23. Discuss the provisions relating to set off of losses.
24. Mr. H, a West Indian, comes to India for the first time on June 15, 2017. During the financial years 2017-18, 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 he stays in India for 120 days, 115 days, 15 days, 191 days, 54 days and 80 days respectively. Compute his residential status for the Assessment Year 2023-24.
25. Mrs. M is an employee getting monthly salary of ₹ 10,000 plus a dearness allowance of ₹ 1,000 per month. She contributed 14% of her salary and dearness allowance to a recognised provident fund to which her employer contributes an equal amount. Interest on provident fund is determined @ 14% per annum which amounted to ₹ 4,200 for the previous year. What will be her taxable salary?
26. Profit and loss account of a trader shows a net profit of ₹ 3,38,000 after debiting following items. Compute income from business for the assessment year 2023-24.
  - a. Payment of income tax ₹ 7,000 and income tax proceedings expenses ₹ 11,000.
  - b. Interest on loan taken for payment of income tax ₹ 1,000.
  - c. GST ₹ 1,800 and interest ₹ 4,000 for delay payment of GST.
  - d. Cash payment to a creditor ₹ 28,000.Aforesaid net profit includes ₹ 3,000 for recovery of old bad debts, which were disallowed by Income Tax Officer in past.
27. Mr. P purchased a capital asset on 10<sup>th</sup> August, 2019 for ₹ 1,00,000. He converted this capital asset into stock-in-trade as on 2<sup>nd</sup> May, 2022. On 2<sup>nd</sup> May, 2022 the fair market value of the asset was ₹ 2,50,000. He sold this stock in December, 2022 for ₹ 3,25,000. Compute the taxable income of Mr. P for the assessment year 2023-24.

28. Compute Total Income of Mr. R

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Business income	7,50,000
Deposit in PPF	70,000
NSC VIII issue purchased	50,000
Interest on loan taken for higher education of his son	30,000
Spend for medical treatment of disabled dependent	35,000

(6 x 4 = 24 Marks)

**PART D: Answer any two questions. Each carries fifteen marks.**

29. Explain in brief the various deduction under section 80 which can be claimed by an individual.

30. Mr. X sells a house (which has been let out to a business house) on 1st April, 2022 for ₹ 24,00,000 (cost of acquisition on 23<sup>rd</sup> April, 2001 ₹ 1,20,000). On 14th June, 2022, he purchases a residential house in India for ₹ 8,00,000 and bonds of NHAI for ₹6,40,000 for claiming exemption. He does not own any other house. He also incurred a short-term capital loss amounting to ₹ 21,250 during the previous year 2022-23.

During the year his only other income was from business amounting to ₹ 50,000. He donated ₹ 12,000 to Prime Minister's National Relief Fund by cheque and deposited ₹ 20,000 in Public Provident Fund.

Compute taxable income and tax liability of Mr. X for the assessment year 2023-24.

31. Mr. K is a professor in a University. His income for the previous year ended on 31<sup>st</sup> March, 2023 were as follows:

Basic Pay including grade pay ₹ 60,000 p.m.

Dearness Allowance @ 45% of the pay

Special pay @ ₹ 500 p.m.

Transport Allowance @ ₹ 3,800 p.m.

Proctor Allowance @ ₹ 500 p.m.

He is living in his own house. Annual value of the house is ₹ 40,000 and he is getting 15% of the pay as House Rent Allowance.

Arrears of pay ₹ 2,30,800.

During the previous year, his investments were as follows:

i. He contributes in a provident fund @ ₹ 8,000 p.m.

ii. His life insurance premium was ₹ 1,200 p.m.

iii. He pays ₹ 30,000 as payment of interest and ₹ 40,000 as investment for the housing loan taken for the construction of his house.

You are required to compute total income and income tax payable for the assessment year 2023-24.

(2 x 15 = 30 Marks)