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D5BCM2203

Reg. No.....

Name:

FIFTH SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2024

(Regular/Improvement/Supplementary)

FINANCE & COMPUTER APPLICATION

GBCM5B09T: INCOME TAX LAW AND ACCOUNTS

Time: 2 ½ Hours

Maximum Marks: 80

SECTION A

Answer the following questions. Each carries *two* marks.

(Ceiling 25 marks)

1. What do you mean by subletting?
2. Who is deemed assessee?
3. What are perquisites?
4. Who is a specified employee?
5. What is meant by Statutory Provident Fund?
6. List out any two fully exempted allowances.
7. Define annual value.
8. What do you mean by expected rent?
9. How do you treat the realization of unrealized rent?
10. Define the term 'business'.
11. How do you treat the preliminary expenses in computing income from business?
12. What is partly agricultural income?
13. Comment on short term capital asset.
14. Write a short note on cost of acquisition.
15. What are less-tax securities?

SECTION B

Answer the following questions. Each carries *five* marks.

(Ceiling 35 marks)

16. Write an account on HRA.
17. Briefly explain the deductions expressly allowed in computing income from business.
18. How do you compute the capital gains of depreciable assets under WDV method?
19. X takes a loan of Rs. 45,000 @ 15% p.a. for constructing a house on 01.06.2018. construction of the house is completed on 20.01.2024. The date of loan repayment is 30.09.2021. compute the duration of the preconstruction period and the amount of interest.

(PTO)

20. Mr. Harish is a practicing Chartered Accountant. He maintains his accounts on cash basis. Following is the Receipts & Payments Account for the year ended 31st March 2024:

	₹		₹
Balance b/d	9,300	Office rent	52,400
Audit fees	5,64,700	Salary of audit clerk	24,800
Income from other accounting work	1,56,800	Allowance of articled clerk	1,800
Fees for conducting income tax appeal	8,700	Salaries	32,400
Dividend	7,840	Municipal tax	400
Rent from property	4,000	Personal expenses	1,53,500
		Membership fees	1,100
		Life insurance premium	1,500
		Income tax	52,500
		Motor car purchased	2,09,000
		Expenses of motor car	600
		Insurance of house property	300
		Balance c/d	2,21,040
	7,51,340		7,51,340

1/3 motor car expenses are in respect of professional practice. Compute his professional income for AY 2024-25, assuming that depreciation on car is @ 15%.

21. Using the following details, compute the allowance of depreciation allowable to Mr. Suresh for AY 2024-25:
- WDV of plant and machinery on 1st April 2023 ₹5,50,000.
 - Additions to plant made on 1st December 2023 ₹2,10,000.
 - Cost of machinery purchased on 31st December 2023, but not installed during the year ₹50,000.
 - Sale proceeds of machinery (which was originally bought on 1st April 2021 for ₹1,00,000): ₹70,000.
 - Machinery lost in fire accident on 30th March 2024. Original cost ₹40,000 when purchased on 1st April 2022. Amount received from the insurance company ₹25,000.

Rate of depreciation is 12%.

22. Determine annual value of house for AY 2024-25 on the basis of following information:
- 2/3 portion of the house is self-occupied and 1/3 portion of the house is let out for ₹5,000 p.m. During the previous year let out portion remained vacant for 3 months and tenant did not pay rent for one month. The landlord could not fulfil the conditions regarding claim for unrealized rent. Municipal taxes paid ₹36,000; Municipal value ₹1,20,000.

23. Mr. Sharma sells his only residential house in Mangalore on 24th August 2023 for ₹55,00,000 and incurs an expenditure of ₹1,00,000 in connection with transfer. Cost of acquisition of house for him in 1999 was ₹1,80,000 and on 1st April 2001, the fair market value was ₹8,00,000. On 16th January 2024 he deposits ₹20,00,000 in the Capital Gains Account Scheme. Compute the taxable capital gain for AY 2024-25.

SECTION C

Answer any two questions. Each carries ten Marks.

24. Explain any ten incomes which are exempted from tax.
25. Mr. Abhishek owns a house at Kanpur, municipal value of which is ₹30,000 and fair rent ₹35,000 p.a. During the previous year the house is used by him for his own residence from 1st April 2023 to 30th June 2023 and is let out at ₹3,000 p.m. from 1st July 2023 for residential purpose. The house owner incurred the following expenses during the previous year:

Municipal tax ₹4,500; repair ₹6,000; fire insurance premium ₹4,000; land revenue ₹4,500; ground rent ₹3,000.

He took a loan of ₹40,000 @ 18% interest per annum for the construction of house on 1st April 2019. The construction was completed on 31st March 2021. No amount has been paid so far.

Compute taxable income from house property for AY 2024 - 25.

26. Sri Hari was an employee of a factory in Delhi which is not covered under the Payment of Gratuity Act. He got Rs. 16,000 p.m. as basic pay, Rs. 1,600 per month as dearness allowance, and Rs. 1000 p.m. as House Rent Allowance. He resides in his own house. He got Rs. 10,000 as a traveling allowance for the tour.

He retired on 1st January 2024 and got Rs. 1,60,000 as gratuity and Rs. 2,00,000 as accumulated balance in the unrecognized Provident Fund. His own contribution and that of the factory to this fund were equal. He also received Rs. 1,76,000 being the amount of salary including dearness allowance for 10 months' earned leave to his credit at the time of retirement. Leave accrued at 30 days per year of actual service.

He was allowed to get a pension of Rs. 4000 per month, three fourth of which was commuted for Rs. 1,80,000. He commenced service of this factory on 1st August 1992 and his average salary during the ten months immediately preceding his retirement was Rs. 15,600.

Compute the taxable income from salaries of Sri Hari for the AY 2024-25.

(PTO)

27. Dr. Davis is a professor of economics and is a resident of India. He submits the details of following incomes for computing his taxable income from other sources for AY 2024-25:

1. He is an author of a text book for schools which fetched him a gross royalty of ₹45,000. He claims the following deductions from this amount:
 - a. Salary to a clerk who collects necessary data for him and goes through the final proof-reading ₹24,000.
 - b. Telephone expenses of ₹1,200 attributed to the publication and sale of his book and other matters in connection with printing of new edition of book.
2. Income from articles which were published in 'Economic Times' ₹3,000.
3. He lives in a rented house paying rent ₹3,000 p.m. The house is too big for his family. Hence he has sublet 1/3 portion of house on a rent of ₹1,500 p.m. He has undertaken the liability of paying municipal taxes of ₹1,500 on the whole house and also the current repairs of the whole house amounting to ₹6,000.
4. He received ₹250 per lecture delivered at Christian Institute. During the previous year he delivered 24 lectures.
5. He is an examiner of a number of universities. This source gave him a remuneration of ₹7,000.
6. His other incomes include:
 - a. Winning from card games and betting ₹6,500.
 - b. Winning from chess ₹1,000.
 - c. Received interest on Govt. of England Bonds ₹500.
7. Received ₹2,000 as dividend from a company, in which public are substantially interested, by an account payee cheque.

Compute his taxable income from other sources.

(2 x 10 = 20 Marks)