LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – **HONOURS**

FIFTH SEMESTER – **APRIL 2025**

UBH 5502 – TAXATION

Date: 02-05-2025 Dept. No. Max. : 100 Marks

Time: 09:00 AM - 12:00 PM

	SECTION A - K1 (CO1)
	Answer ALL the Questions **(10 x 1 = 10)**
1.	**MCQ**
a)	An Indian citizen working for the navy goes abroad for employment and comes on a visit to India during the previous year. How many days should he stay in India in the PY to qualify the basic condition? a) 60 days b) 365 days c) 182 days d) 184 days
b)	The maximum exemption limit of entertainment allowance for a government employee is a) ₹10,000 b) ₹20,000 c) ₹5,000 d) ₹7,500
c)	Standard deduction u/s 24 in house property should be calculated on a) Gross annual value b) net annual value c) Total income from HP d) municipal value
d)	Which of the following goods is taxed at the highest GST slab of 28%? a) Packaged food items b) Luxury cars c) Textiles d) Computers
e)	Mr. Atil has donated ₹6,000 to the national defence fund and ₹9,000 for the Rajiv Gandi Foundation. What is the amount of deduction he can claim u/s 80G a)10,500 b)15,000 c) 6,000 d) 9,000
2.	**Fill in the blanks**
a)	______________ is the body in charge for administration of direct tax laws through the Income Tax Department.
b)	Mr.Abu is given a Hyundai car (1.8 litres) to be used both for office and personal purpose along with all expenses paid by the company. The company has also given him a driver. The taxable value of this perquisite is ₹________.
c)	Family pension received is taxable under the head ____________.
d)	Mr Bala left India for the first time on 17th December 2023 and returned back to India on 5th February 2023. His residential status for the AY 2024-25 is ______________________.
e)	The balance amount left after deducting municipal tax from the GAV is called as ______________.
	SECTION A - K2 (CO1)
	Answer ALL the Questions **(10 x 1 = 10)**
3.	**True or False**
a)	Taxable income includes both legal and illegal income of an assessee.
b)	Employer's contribution for PF is taxable if it exceeds 14% of salary.
c)	Land purchased for building a scientific laboratory by a business is considered as a business expense.
d)	Mr. Prabhu has received ₹1,00,000 based on the will of his own grandfather. This will not be taxable.
e)	Losses arising from owning and maintaining of race horses can be set off against lottery winnings.
4.	**List out the following**
a)	State any two capital assets that are not to be considered as assets under capital gains
b)	List out any two fully taxable allowances for employees
c)	Name two occasions on which any amount received as gift or cash will be exempted
d)	State any two taxes replaced by GST
e)	Name any two donations which can be claimed 100% u/s 80 G.

SECTION B - K3 (CO2)

Answer any TWO of the following in 100 words each. **(2 x 10 = 20)**

5. From the following details of Ms. Archana calculate her total taxable income assuming if she is
i) Ordinary Resident ii) Not Ordinarily Resident iii) Non-Resident
(a) Income from profession accruing in India but amount received in Africa ₹2,50,000.
(b) Income accrued in Gujarat but received in Delhi₹ 58,000.
(c) Income from business in Cambodia, controlled from Madurai ₹ 1,00,000. [₹ 50,000 received in Madurai)
(d) Royalty received from Government of India received in London ₹1,50,000.
(e) Past untaxed profit brought into India during the current previous year ₹ 1,00,000.
(f)Dividend from an Indian Company ₹1,12,000.
(g) Fees for services rendered in India but received in Burma ₹32,000
(h)Dividends from an American company ₹ 20,000
(i) Income from a profession in Korea but the business is controlled in India ₹20,000
(j)Agricultural income from Madurai ₹25,0000.

6. As a tax consultant your help is required to find the following retirement benefits of Mr. Abdul and Mr. Amir.
   - Mr. Abdul an employee of MN Ltd, received ₹1,96,000 as gratuity. He is covered by the payment of Gratuity Act,1972. He retired on 15th July 2023 after rendering service of 36 years and 9 months. At the time of retirement his monthly basic salary was ₹ 6,400 and DA(forming part of salary) was ₹2,000 pm. Calculate his exempted gratuity.
   - Mr Amir retired on 1st August 2023 and received ₹3,52,000 as leave encashment. He has a total service of 23 years. During the service he has utilised 8 months of leave salary. He was receiving ₹20,000 pm as basic salary and ₹10,000 pm as DA(only 50% forms part of retirement benefits),before the date of retirement Calculate the taxable leave salary.

7. Mr. Chenna sold his agricultural land for Rs.12,00,000 on 12/09/2023 and paid a commission Rs.20,000. He acquired that land for Rs.3,00,000 during 2020-21. He purchased a residential house on 08/01/024 for Rs.10,00,000 and does not have any other residential house. Compute the taxable capital gain. CII for 2020-21 :301; 2023-24:348.

8. Bring out the registration process for GST registration.

SECTION C – K4 (CO3)

Answer any TWO of the following in 100 words each. **(2 x 10 = 20)**

9. Mr. Dinesh has started a new business in April 2023. He wants to compute his taxable income and is not very sure to do with the following expenses and income. Help him categorise it as allowable and inadmissible expenses or income.
   i. Wealth tax paid
   ii. Interest on capital
   iii. Interest received from bank deposit
   iv. A lab building for the purpose of research is built during 2022-23 .
   v. Perquisites like housing and club subscriptions for the scientists during the year 2022-23
   vi. Keyman insurance premium
   vii. Contribution to scientific research to IIT during 2023-24
   viii. Employers' contribution towards RPF
   ix. Loss due to fire in the factory
   x. Donation towards a government approved NGO

10. Ms. Veena furnishes the following particulars of her income. She is a freelancer and has varied incomes, Compute her gross total income from various sources for the AY 2024-25.

Particulars	₹ PA
Director's fee	80,000
Income from agricultural land in Andra Pradesh	40,000

Income from agricultural land in Sri Lanka	30,000
Royalty received from publisher (she spent 6000 as printing and other publication charges)	16,000
Family Pension	21,000
Dividends received from Indian companies	11,000
Dividends received from foreign companies	12,000
Interest on National Saving Annuity Certificate	10,000
8% Interest from LT Co’s debentures of 50,000	
Interest on tax free debentures of KY Co received	9000
Interest on Kerala State Government Securities	18,000
Winnings from lottery received	28,000
Winnings received from an Art competition	8,000
The following details are regarding gifts received: Gift from father Gift from grandmother’s sister Gift from mother-in-law for birthday Her friend gifted her a watch for her birthday Her cousin gave her a gold ring for her wedding anniversary Gift from maternal grandfather under a will Cash gift from family friend for wedding anniversary Gold coin gifted by sister-in-law (husband’s own sister) She got a land in her village from a distant relative for a consideration amount of ₹ 75,000. (SDV value of land 1,50,000)	 20,000 5,000 10,000 5,000 25,000 1,40,00 0 5,000 10,000
Following deductions are claimed by her: Collection charges for collecting dividend Cost of lottery tickets Collection charges for collecting interest on securities Commission paid to lottery agent	 180 200 100 500

11. Calculate the net taxable income for Ms. Mary for the AY 2024-25, she is working in government company in Chennai:

Particulars	₹
Basic Salary	50,000 p.m.
Dearness Allowance	30,000 p.m.
Bonus	50,000 p. a
General Commission	50,000p. a
CCA	1500 p.m.
Entertainment allowance	6000 P.M
Education allowance (for 2 children)	96,000 p.a
Hostel allowance (2 children)	1,20,000 p.a
Academic research allowance (actual spent ₹ 50,000)	25,000 p.a
HRA (Rent paid ₹12,000 p.m.)	20,000 p.m
Conveyance allowance for official purpose	3000 p.m
Other Details: Donation to Clean Ganga Fund Domination to Allahabad University (National Eminence) Contribution to Sukanya Samridhi Scheme of Minor Daughter Payment of LIC premium for self (sum assured ₹2,50,000) Payment of LIC premium on life of mother (sum assured ₹2,00,000)	P.A 5,000 10,000 25,000 25,000 20,000

12. Deva owns a residential house at Thoothukudi. From the following information, Compute his capital gain. Rs.

Cost of Construction (during 2014-15)	7,50,000
Cost of additions and improvements during 2017-18	2,50,000
Sale consideration (sale made on 17/11/2023)	25,00,000

Expenses on transfer	25,000
Cost of new house purchase in Chennai (20/02/2024)	4,00,000
Amount deposited in capital gain deposit scheme in SBI on 17/05/2024	2,00,000
CII 2014-15: 240, 2017-18: 272, 2023-24: 348	

SECTION D – K5 (CO4)

Answer any ONE of the following in 250 words **(1 x 20 = 20)**

13. a. From the following Profit and Loss A/C calculate the taxable income from business for Mr. Rana for the AY 202-25. **(12 marks)**

Particulars	₹	Particulars	₹
To opening stock	2,20,000	By sales	9,55,000
Tp purchases	2,00,000	By bad debts recovered allowed earlier	5,0000
To wages	1,00,000	By interest from bank	40,000
To donation	10,000	By closing stock	6,00,000
To household expenses	4,000		
To depreciation on car	6,000		
To motor car expenses	4,000		
To net profit	10,56,000		
	16,00,000		**16,00,000**

These further details are observed:

i) 50% of the motor car is used for personal purpose

ii) Depreciation on motor car is ₹ 5000 as per the IT Act

iii) Opening stock is overvalue by 10% and closing stock is overvalued by 15%

b. Mr. Dewan & Co are chartered Accountants in Delhi. They have submitted the following receipts and payments account for the year. Compute the income for the profession for the AY 2024-25 **(8 marks)**

Receipts	₹	Payments	₹
Audit Fees	2,24,000	Drawings	48,000
Financial consultancy services	98,000	Office rent	42,000
Dividends	10,000	Telephone installation charges in office	15,000
Presents from clients	24,000	EB bill for office	4,200
		Salary to staff	66,000
		Charities	1,200
		Gifts given to relatives	9,600
		Car expenses	21,000
		Subscription for journals related to profession	2,500
		Institute fee	1,200
		Stipends given to interns	12,000
		Net income	1,33,300
	3,56,000		3,56,000

Notes: Depreciation of a car during the period is ₹ 5000 and 30% of the time it was used for personal purpose.

14. Mr Praveen is the owner of 3 houses. The particulars are as follows:

Particulars	House A	House B	House C
Annual fair Rent	40,000	35,000	50,000
Municipal valuation	50,000	40,000	50,000
Standard rent	45,000	42,000	55,000
Let out (per month)	3,000	2,500	-
Repairs	2,000	-	5,000
Collection charges	3,000	1,000	-
Interest on loan	15,000	5,000	2,000
Purpose of house	Let-out residential	Let-out business	Self occupied

Municipal tax is 10% taken for repairs of MV. Municipal tax of House A was paid by tenant, but Municipal tax of House B was not paid till 31/03/2023. Municipal tax of House C was paid by owner. House A remained vacant for 4 months. Compute income from House property.

SECTION E – K6 (CO5)

Answer any ONE of the following in 250 words **(1 x 20 = 20)**

15. a. During the year ended 31st March 2024, Mr John resident sold the following assets:

S.No.	Particulars	Sale Proceeds
1	Agricultural land in Mysuru (urban city) purchased in 2001 for Rs.20,000 (FMV on 1/4/01 CII 100) being Rs.30,000	5,60,000
2	Machinery purchased on 1/5/2022 Rs.25,000	30,000
3	Furniture purchased on 1/5/2022 for Rs.2,500	3,800
4	Machinery purchased in 2013-14 (CII 220) for Rs.50,000 (WDV on 1/4/2021 Rs.35,000)	60,000
5	Shop purchased in 2006-07 (CII 122) for Rs.50,000	4,50,000
6	One residential house purchased in 2008-09 (CII 137) costing Rs. 60,000	5,80,000

During the year he bought another house for his residence for Rs.2,00,000. The cost inflation index for 2022-23 is 331. Find the total amount of capital gain. **(12 marks)**

b.Mr. John also had this other income from various sources. Help him to compute the total income from these sources: **(8 marks)**

i. Income from royalty ₹50,000, he spent around ₹ 4,000 for publication of the book.
ii. Director fees ₹28,000 pm
iii. Winnings from crossword puzzle ₹ 60,000
iv. Rental income for subletting a machinery ₹1,20,000 pa. He depreciated the machinery for ₹12,000 pa and repairs on this was ₹10,000 pa.
v. ₹5,00,000 invested in 12% less tax commercial securities.
vi. She owned a house property in Tambaram, which was acquired by the government in 2018-19. Along with compensation, ₹.80,000 was paid by the government as interest for late payment of compensation during 2023-24.
vii. She received a gift amount of ₹ 30,000 from her friend for her birthday. She also received ₹28,000 from another friend for her wedding anniversary.

16. From the following particulars find out the taxable salary and tax liability of Mr. George working as a director in a private from at Chennai. He is given a rent-free accommodation (owned by the company); the fair rental value is Rs.80,000. The accommodation also has furniture which costs about Rs.50,000. Additionally, one air conditioner was hired for Rs.1000 p.m. He is also provided with a chauffeur driven Maruti car (1.4 ltr) for both personal and official use by the company. All expenses (like fuel, maintenance) are met by Mr. George for the car. The company also gave him a free membership to the Madras Rowing Club (related to sports) worth Rs.10,000 p.a.as he is a state level champion in rowing. Apart from the above, following are his other salary details:

Particulars	₹
Salary	60,000(p.m)
Dearness allowance (forming part of salary)	2,500(p.m)
Project allowance	1,000(p.m)
Children's educational allowance (he has one child)	3,000(p.a)
Cook appointed by Mr. Ramesh; salary paid by employer	2,000(p.m)
Entertainment allowance	5,000(p.a)
Travelling allowance (actual expenditure-Rs 1500)	2000 (p.a)
Fixed medical allowance	3500(p.a)
Laptop given for official purpose	55,000
Purchase of books and journals for his office work	1000
Gift of Bluetooth speaker on occasion of annual day at work worth	1000
Mr. George underwent a medical treatment in a hospital owned by the employer	3,500
Credit card bills paid by employer (Rs.5000 relates to official purpose)	6,000
Lunch facility availed at office premises	Rs.40 per meal for 220 days
Conference attended (for training purpose)	1,500
Professional tax paid by employer	1600 p.a
Income from Business A	67,000
Income from interest on FD	30,000
He contributes the following: Rs.20,000 towards the LIC premium of his own Rs.15,000 towards his wife Rs.20,000 towards his father's life Rs.10,000 towards his son's life Contribution to PPF -45,000 PA Tution fee paid to son's college – Rs.18,000(out of which 2500 is for development fee) Contribution towards National Illness Scheme – Rs.5000 Contribution towards Rajiv Gandi Memorial Scheme -Rs.8000 Rs.5000 towards an university of eminence	

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