



LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

FIFTH SEMESTER – APRIL 2025

CO 5504 – INCOME TAX LAW AND PRACTICE



Date: 24-04-2025

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

SECTION A

Answer ANY FOUR of the following

4 x 10 = 40 Marks

- 1 As per Income Tax Act 1961, define the following:
a) Person b) Assesse c) Assessment Year d) Previous Year e) Income
- 2 Explain the different kinds of Provident Funds.
- 3 Write short note on: a) Fully Taxable Allowance b) Partly Exempted Allowance c) Fully Exempted Allowance under the head of salary
- 4 Explain the concept of Set off and carry forward of losses.
- 5 Define the following terms:
(a) Cost of Acquisition (b) Cost of Improvement (c) Short-term Capital Assets
(d) Long-term Capital Assets
- 6 Mr. Saran retired on 30. 09. 23 after a service period of 27 years 8 months. At the time of retirement he was drawing a salary of 20,000 p.m. and a D.A. R 6,000 p.m. The gratuity received by him was 4,60, 000. Find out his taxable gratuity if it comes under the Payment of Gratuity Act.
- 7 Mr. X received the following gift during the PY 2023-24. Compute taxable income from other sources.

Gift from whom	Date of gift	₹
Cash gift from grand Mother	April 15, 2023	75,00,000
Gift from friend	July 22, 2023	45,000
Gift from Employer (it was purchase on 1 st May 2023)	October 20, 2023	65,000
Gift from friends at the time of Marriage	September 15,2023	1,35,000
Gift under a will from non-relative	November 10, 2024	10.40,000
- 8 List out the deductions allowed under Income from other sources

SECTION B

Answer ANY THREE of the following

3 x 20 = 60 Marks

- 9 Mr. Raj is a foreign citizen (not being a [person of Indian origin]). During the financial year 2023-24, he came to India for 70 days. Determine his residential status for the assessment year 2024-25 on the assumption that during financial year 2009-2010 to 2022-2023, he was present in India as follows.

2022-23 :100 days	2015-16 :181 days
2021-22 :80 days	2014-15 :90 days
2020-21 :60 days	2013-14 :71days
2019-20 :126 days	2012-13 :4 days
2018-19 :80 days	2011-12 :8 days
2017-18 :70 days	2010-11 :55 days
2016-17 :23 days	2009-10 :298 days
- 10 Nirav is employed as sales manager in Talent Ltd at Trichy. Since 2017. His salary income

particulars were as below in the P. Y. ending 31-03-2024:

- (1) Basis Salary ₹ 15,000 per month.
- (2) Dearness allowance ₹ 6,000 per month.(service part)
- (3) City Compensatory Allowance per month ₹ 3,000. p.m.)
- (4) Children Education Allowances for both children ₹ 200 p.m. (Exemption u/s10(14))
- (5) Children Hostel Allowance per child ₹ 300 p.m. for two children (Exemption u/s 10(14)
- (6) Fixed Medical Allowance ₹ 2,000 p.m.
- (7) RPF Contribution ₹ 43,000
- (8) Interest on RPF 45,000 @ 10%
- (9) Lunch allowance ₹ 500 p.m.
- (10) Entertainment allowance ₹ 1,500 p.m.
- (11) Servant Allowance ₹ 900 per month
- (12) Picnic Allowance ₹ 5,000.
- (13) Refreshment Allowance ₹ 700 p. m
- (14) House Rent Allowance ₹ 4,000 pm (resides own house)
- (15) He has paid professional tax ₹ 2,500 during 23-24.

You are required to calculate Income from Salary for A. Y. 24-25

11 Mr. Karsan Ghavari owns several houses for which following information is given:

Particulars	House 1	House 2	House 3	House 4
MV p.a. ₹	50,000	80,000	25,000	55,000
Fair Rent p.a ₹	50,000	70,000	Nil	60,000
Rent ₹	3,000 p.m	60,000 p.a	4,000 p.m	6,000 p.m.
Municipal tax paid ₹	3,000	10,000	2,000	10%
Unrealized rent (eligible) ₹	3,000	Nil	4,000	Nil
Interest on loan for house ₹	40,000	Nil	Nil	50,000

You are required to calculate Income from House Property for P.Y. 2023-24

12 X (age: 29 years) furnishes the following information relevant for AY 24-25

Profit and Loss Account for the year ending March 31, 2024

Particulars	₹	Particulars	₹
Household expenses	23,000	Gross profit of agency business	32,65,150
Bad debts	1,000	Commission	18,000
Provision for bad debts	400	Sundry receipts	2,000
Fire insurance	6,000	Interest on investment	14,000
Salary to:		Bad debts recovered (earlier allowed as deduction)	9,750
Staff	9,00,000		
X	12,000		
Contribution towards unrecognized provident fund	72,000	Interest on securities (gross)	11,000

	Interest on:			
	Overdraft taken for payment of sales tax	8,000		
	Capital of X	42,000		
	Loan given by X's brother	9,000		
	Depreciation on building and furniture.	11,500		
	Advertisement :			
	Revenue expenditure	7,000		
	Capital expenditure on a sign board	20,000		
	General expenses.	8,000		
	Net profit	22,00,000		
		33,19,900		33,19,900
	Other information:			
	1. General expenses include medical expenditure of X ₹ 500.			
	2. Income of ₹ 35,000, accrued during the previous year ending March 31, 2024, is not recorded in the Profit and Loss Account.			
	3. Depreciation on building, furniture and sign board comes to ₹ 8,000 according to the tax provision.			
13	Discuss the expenses expressly disallowed while computing income chargeable under income from business.			
14	Discuss Deductions allowed u/s 80C in detail.			

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