



LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

M.Com. DEGREE EXAMINATION – COMMERCE

SECOND SEMESTER – APRIL 2025

PCO2MC04 – DIRECT TAX PLANNING AND MANAGEMENT



Date: 02-05-2025

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

SECTION A – K1 (CO1)

Answer ALL the questions

(5 x 1 = 5)

- 1 Multiple Choice questions
- a) The rate of TDS on winnings from lottery is:
a) 10%; b) 20% ;c) 30% d) 40%
- b) Interest on Post Office Savings Bank Account (for Individual) is exempted
a) Fully b) Up to Rs. 3,500
b) Up to Rs. 7,000 d) Up to Rs. 5,000
- c) Municipal taxes are deductible on
a) Payment basis b) Due basis
c) Accrual basis d) Not allowed
- d) Bad debts allowed earlier and recovered later on is
a) Business income b) Exempted
b) Non- business income d) Income from other sources
- e) Short term capital loss can be set off against
a) Short term capital gain b) Long term capital gain
c) Any capital gain d) Any head of income

SECTION A – K2 (CO1)

Answer ALL the questions

(5 x 1 = 5)

- 2 Fill in the blanks
- a) Gratuity received by the Government employee is ----- amount exempted
- b) Income from a business in Canada, controlled from there is taxable in case----- resident.
- c) In which year Income Tax was levied in India for the first time -----
- d) A standard deduction of ----- of the net annual value is allowed as deduction u/s 24.
- e) Allowable rate of depreciation on computer is -----percentage.

SECTION B – K3 (CO2)

Answer any THREE of the following

(3 x 10 = 30)

- 3 Mr. Raphael constructed a shopping complex. He had taken a loan of ₹ 25 Lakhs for construction of the said property on 1-8-2021 from SBI @ 10% interest for 5 years. The construction was completed on 30-6-2022. Rental income received from shopping complex ₹ 30,000 per month being let out for the whole year. Municipal Taxes paid for shopping complex ₹ 8,000. Arrears of rent received from shopping complex ₹ 1,20,000.
Interest paid on loan taken from SBI for purchase of house for use as own residence for the period 2023-24 is ₹ 3 lakhs. You are required to compute Income from House property of Mr. Raphael for A.Y. 2024-25 as per Income-tax Act, 1961.
 - 4 Mr. Rakesh an assessee aged 61 years gives the following information for the previous year 31-03-2024.
- | Particulars | Amount (₹) |
|---|------------|
| Loss from Profession | 1,05,000 |
| Capital Loss on the sale of Property - Short Term | 55,000 |
| Capital Gain on sale of shares - Long Term | 2,50,000 |
| Loss in respect of self-occupied property | 15,000 |
| Loss in respect of let out property | 30,000 |
| Share of loss from Firm | 1,60,000 |
| Income from Card Games | 55,000 |

	<p>Winning from Lottery 1,00,000</p> <p>Loss from Horse Races in Mumbai 40,000</p> <p>Investment in notified bonds 21,000</p> <p>Medical insurance premium paid by cheque 24,000</p> <p>Compute total income of Mr. Rakesh for the assessment year 2024-2025.</p>
5	<p>Mr. Chaman who is 50 years old and his wife Mrs. Chaman who is 48 years old furnish the following information (all the amount of incomes/gains/losses are computed as per the provisions of Income Tax Act):</p> <p>(i) Mr. Chaman's salary income ₹ 11,00,000.</p> <p>(ii) Mrs. Chaman's income from Kathak performances ₹ 2,50,000. She is a professional Kathak dancer and pursue dancing as her profession.</p> <p>(iii) Mrs. Chaman earned long-term capital gains of 5,50,000 from sale of shares.</p> <p>(iv) Mrs. Chaman gifted ₹2,00,000 to Mr. Chaman out of her Stridhan on 01.04.2024. Mr. Chaman invested the entire amount in stock market but suffered a short-term capital loss of ₹ 5,10,000.</p> <p>(v) Miss Naina, their minor daughter, earned ₹3,56,000 by performing in various quiz competitions held online during the year 2023-24. She kept that amount in savings bank account and earned interest of 15,000 during the year 2023-24.</p> <p>(vi) Master Neelabh, their minor son earned 35,000 from fixed deposit which was made out of the cash he received on his birthday from his friends and family. Neelabh suffers from disability as mentioned under section 80U. The medical certificate shows a disability of up to 75%.</p> <p>Compute the total income in the hands of Mr. and Mrs. Chaman and their minor children for the Assessment Year 2024-25.</p> <p>Ignore section 115BAC pertaining to alternative tax regime.</p>
6	Illustrate the circumstances under which income escaping assessment can be made.
7	Explain the powers of an Assessing Officer.
SECTION C – K4 (CO3)	
	<p>Answer any TWO of the following (2 x 12.5 = 25)</p>
8	<p>Mr. Martin sold his residential house property on 08-06-2023 for ₹ 70 lakhs which was purchased by him for ₹ 20 lakhs on 05-05-2007. He paid ₹ 2 lakhs as brokerage for the sale of said property. The stamp duty valuation assessed by sub-registrar was ₹90 lakhs. He bought another house property on 25-12-2023 for ₹ 15 lakhs. He deposited ₹ 10 lakhs on 10-01-2024 in the capital gain bond of National Highway Authority of India (NHAI).</p> <p>He deposited another ₹ 10 lakhs on 10-07-2024 in the capital gain deposit scheme with SBI for construction of additional floor of house property. Compute the income of Mr. Martin under the head "Capital Gains" for A.Y. 2024-25 as per Income-tax Act, 1961 and also Income tax payable on the assumption that he has no other income chargeable to tax.</p> <p>Cost inflation index for Financial Years 2007-08 = 129 and 2023-24 = 348.</p>
9	<p>Mr. X, a resident and ordinarily resident in India, gives the following particulars of his income and expenditure for the previous year ending March 31, 2024:</p> <p>Machinery (letting out machinery): ₹ 9,00,000; depreciation of building in Bombay: ₹ . 16,000; Rent of a house situated in Delhi: ₹ 4,00,000; rent from letting a building (in Bombay) along with plant and roof building cannot be separated from letting out of plant and depreciation of building in Delhi: ₹ 9,000; repairs and insurance of building (in Bombay) and plant and machinery: ₹ 7,500. Dividends on preference shares from an Indian company declared on August 3, 2023: ₹ 40,000.</p> <p>Loan from another Indian company which is deemed as dividend under section 2(22)(e) is given on April 3, 2023 [amount received: ₹ . 10, 80,000, tax deducted at source: Nil].</p> <p>Royalty income: ₹ 8,20,000.</p> <p>Winnings from camel races on September 25, 2023 [net amount received: ₹ 74,000, tax deducted at source: Nil].</p> <p>Interest on 6.5 per cent (tax-free) National Relief Bond: ₹ 1,70,000.</p> <p>Gift received on January 20, 2024 in foreign currency from a school friend: ₹ 50,000. Gift from another friend on March 31, 2024 ₹ 6,000.</p> <p>Determine the income of Mr. X chargeable under the head "Income from other sources" for the assessment year 2024-25.</p>
10	<p>Mr X (age:32 years), a layer, who maintains books of account on cash basis, furnishes the following particulars of his income from previous year ending, March 31,2024:</p> <p style="text-align: center;">Receipt and Payment Account for year ending, March 31,2024</p>

	₹		₹
Balance brought down	7,20,000	Purchase of furniture	56,000
Fees from clients :		Car expenses	2,45,000
Of 2023-24	21,20,000	Office expenses	82,000
Of 2022-23	90,000	Salary to staff	8,40,000
Presents from clients	40,000	Interest in loan	20,000
Loan from a client	5,00,000	Income tax penalty	3,000
		Contribution to public provident fund	1,40,000
		Purchase of notified bonds of infrastructure company	12,000
		Balance carried down	20,72,000
	34,70,000		34,70,000

Notes:

- 5% of car expenses are contributable towards use of car for personal use.
- Fees due but outstanding is ₹ 9,00,000.
- Depreciation of car is ₹ 2,70,000
- Income of X from other sources is ₹ 8,32,000
- X purchased a computer for ₹ 30,000 on March 10, 2023. It is, however, put to use on January 3, 2024 (Rate of depreciation: 40%)

Determine the taxable income and tax liability of Mr. X for the assessment year 2024-2025. Ignore section 115BAC pertaining to alternative tax regime

11 Differentiate tax deducted at source and tax collected source.

SECTION D – K5 (CO4)

Answer any ONE of the following

(1 x 15 = 15)

- 12 Mr. Raghuveer, a resident individual-aged 35 years, furnished the following information from his Profit and Loss Account for the year ended 31st March 2024:
- The net profit was ₹ 6,50,000.
 - The following incomes were credited in the Profit & Loss Account:
 - Interest on government securities ₹25,000
 - Dividend from a foreign company ₹18,000
 - Gold coins worth ₹55,000 received as gift from his father.
 - Depreciation debited in the books of account was 85,000. Depreciation allowed as per Income-tax Act, 1961 was ₹96,000.
 - Interest on loan amounting to ₹ 68,000 was paid in respect of capital borrowed for the purchase of the new asset which has not been put to use till 31st March 2024.
 - General expenses included:
 - An expenditure of 20,500 which was paid by a bearer cheque.
 - Compensation of ₹4,500 paid to an employee while terminating his services in business unit.
- He contributed the following amounts by cheque:
- ₹45,000 in Sukanya Samridhi Scheme in the name of his minor daughter Alpha.
 - ₹20,000 to the Swachh Bharat Kosh set up by the Central Government.
 - 28,000 towards premium for health insurance and ₹2,500 on account of preventive health checkup for self and his wife.
 - ₹35,000 on account of medical expenses of his father aged 82 years (no insurance scheme had been availed on the health of his father).
- You are required to compute the Total Income of Mr. Raghuveer for the Assessment Year 2024-25.

- 13 Mr. X (40 years) is a businessman. His annual turnover is always more than ₹ 10 crore. For the previous year 2023-24, his business income (-) 60,000. Bank interest on fixed deposit is ₹1,00,000. Salary from a part time employment is ₹ 4,00,000. He is eligible for deduction of ₹1,20,000 under section 80C and ₹ 38,000 under section 80E. On October 10, 2015, X transfers a plot of residential land for ₹ 57,40,000. Stump duty value (being circle rate) in ₹ 54,00,000 (it was purchased in 2005-06 for ₹ 15,63,218). He purchases a residential house property on September 20, 2024 for ₹ 44,65,000 which is, however, transferred on March 31, 2025, ₹ 50,00,000. During the previous year 2023-24, Mr. X also transfers debentures@ a short term capital loss of ₹ 2,40,000. Find out the net income and tax liability of Mr. X for the assessment year 2024-25. Ignore section 115BAC. Does it make any difference if Mr. X is -resident in India? (CII- 2005- 2006- 117 , 2023-2024 -348)

SECTION E – K6 (CO5)

Answer any ONE of the following

(1 x 20 = 20)

- 14 Mr. X (age: 41 years) gives the undernoted particulars of his income received from D Ltd. for the year ending March 31, 2024
- (Amount ₹)
- | | |
|--|----------|
| Salary after deduction of income-tax at source and own contribution to the office provident fund which is recognized | 9,00,000 |
| Income-tax deducted at source | 80,000 |
| Own contribution to the recognised provident fund | 1,45,000 |
| Employer's contribution to the provident fund | 1,40,000 |
| Interest credited to the provident fund calculated at the rate of 11 per cent per annum on May | 2,89,000 |
| Holiday home facility provided by the employer | 18,000 |
- House rent allowance (actual rent paid by Mr. X for the house in Delhi was ₹ 1,08,000) [in addition to salary of ₹ 9,00,000 given above 1,20,000
- Mr. X is given free use of 1200 CC car by his employer for domestic and official purposes (with effect from November 5, 2023) all the expenses including salary of driver being met by the latter. A sum of ₹ 1,200 is, however, recovered from Mr. X.
- Mr. X is also provided free service of a watchman (with effect from May 10, 2024) and a sweeper (with effect from December 1, 2023). Salary (₹ 2,675 per month per person) is paid by employer.
- Mr. X pays life insurance premium of ₹ 4,000 on his own life (sum assured: ₹ 1, 00,000). Income of Mr. X from other source is ₹ 3,39,000 which includes income-tax refund of ₹ 16,000 and ₹ 700, being interest thereon.
- Compute Mr. X's total income and the tax liability (after adjusting tax deducted at source) for the assessment year 2024-25 assuming that he had no other income. Ignore section 115BAC pertaining to alternative tax regime.]
- 15 Mr. Jagdish, aged 61 years, has set up his business in Thailand and residing in Thailand since last 20 years. He owns a house property in Bangkok, half of which is used as his residence and half is given on rent (such rent received, converted in INR is ₹ 6,00,000). The annual value of the house in Thailand is ₹ 50,00,000 i.e. converted value in INR. He purchased a flat in Pune during financial year 2017-18, which has been given on monthly rent of ₹ 27,500 since 1-7-2020. The annual property tax of Pune flat is ₹ 40,000 which is paid by Mr. Jagdish whenever he comes to India. Mr. Jagdish is last visit to India in July 2020. He has taken a loan from Union Bank of India for purchase of the Pune flat amounting to ₹15,00,000. The interest on such loan for the financial year 2023-24 was ₹84,000. However, interest for March 2024 quarter has not yet been paid by Mr. Jagdish. He had a house in Jaipur which was sold in May 2017. In respect of this house, he received arrears of rent ₹ 96,000 in February (not taxed earlier). He also derived some other income during financial year 2023- 2024 which are as follows:
1. Profit from business in Thailand ₹2,75,000
 2. Interest on bonds of Japanese company ₹45,000 out of which. 50% was received in India.
 3. Income from Apple Orchid in Nepal given on contract and the yearly contract fee of ₹ 5, 00,000 for financial year 2023-24 was deposited directly by the contractor in Kathmandu branch of Union Bank of India in Mr. Jagdish's bank account maintained with Union Bank of India's Pune branch.
- Compute the total income of Mr. Jagdish for Assessment Year 2024-25 chargeable to income tax in India.

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