



LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

FIFTH SEMESTER – APRIL 2025

UCO 5502 – INCOME TAX LAW AND PRACTICE



Date: 28-04-2025

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

SECTION A - K1 (CO1)

Answer ALL the Questions

(10 x 1 = 10)

1. MCQ

- a) Income deemed to accrue or arise in India is taxable in case of _____.
 a) Resident only
 b) Both ordinarily resident and NOR
 c) Non-resident
 d) Resident, Not ordinarily Resident and Non-Resident
- b) When Net value of a House Property can be Negative?
 a) Deduction under section 24 are more than income
 b) When municipal tax in paid by the owner are more than gross annual value
 c) When house property is self-occupied
 d) When the house was vacant throughout the year
- c) 'Notional Profit' from speculative business is _____.
 a) Taxable under the head 'income from profits and gains from business or profession'
 b) Taxable under the head 'income from other sources'
 c) Taxable either as income from other sources or as profits and gains from business or profession
 d) Not Taxable
- d) What is the definition of "capital assets" in the context of capital gains taxation?
 a) Assets owned by a corporation
 b) Long-term investments
 c) Property of any kind held by an assessee
 d) Assets used for business purposes
- e) Calculate income from other sources : Dividend from an Indian Company Rs.40,000; Dividend from foreign Company Rs.15,000.
 a) Rs.40,000
 b) Rs.55,000
 c) Rs.15,000
 d) Rs.25,000

2. Answer the following

- a) What is meant by Assessment year?
- b) Who is a resident?
- c) What is the tax treatment for HRA?
- d) Write a Short note on Capital Gain.
- e) Define the term Dividend.

SECTION A - K2 (CO1)

Answer ALL the Questions

(10 x 1 = 10)

3. Match the following

- a) Mr. Nagarajan left India for the first time on 17.12.2023 and returned back to India on 2.3.2024, He is a _____ - Perquisites
- b) Periodical payment received by an employee after retirement _____ - Government Securities

c)	Entertainment Allowance	- Resident
d)	Non-monetary benefits provided by an employer to employee	- Uncommuted Pension
e)	Capital Index Bonds and Zero Coupon Bonds	- Deduction u/s 16(ii)
4.	True or False	
a)	Residential status for individuals in India is determined solely based on the number of days spent in the country during a financial year.	
b)	One of the canons of taxation is "Certainty," which implies that taxpayers should know how, when, and where to pay their taxes.	
c)	Admissible deductions in the calculation of business income can exceed the Net Profit calculated.	
d)	Section 87A of the Income Tax Act in India provides a tax rebate for individuals with a taxable income of up to ₹5 lakhs.	
e)	Section 54 of the Income Tax Act in India allows individuals to claim an exemption from capital gains tax on the sale of agricultural land if the proceeds are reinvested in another agricultural land within 2 years after the sale.	

SECTION B - K3 (CO2)

Answer any TWO of the following in 100 words each.		(2 x 10 = 20)
5.	Explain the concept of Income and List out the features of Income in Income Tax.	
6.	Calculate taxable pension of Mr. Viswananthan who was working in TAF Ltd and retired on 30th April 2023. He received a pension of Rs.60,000 per month. On 31st December 2023, he commuted 2/3 his pension for Rs.3,20,000. He does not received gratuity at the time of retirement.	
7.	<p>Compute the taxable salary of Mrs. Devi of Madurai, (Population 18 lakhs) for the current assessment year from the following particulars, if she opts for old tax regime:</p> <p>i) Basic pay Rs.8,000 per month.</p> <p>ii) Dearness allowance Rs.2,000 per month (Enters into service benefits).</p> <p>iii) Bonus Rs.8,000 per annum.</p> <p>iv) Rent free accomodation provided by the employer, the fair rental value of which is Rs.20,000 per annum. The cost of Furniture provided there is Rs.10,000.</p> <p>v) Entertainment allowance Rs.500 per month.</p> <p>vi) Her contribution to RPF at 15% of salary.</p> <p>vii) Employer's contribution to RPF is Rs.15,000 per annum.</p> <p>viii) Interest credited to provident fund at 9.5% per annum amounted to Rs.1,900.</p> <p>ix) Free use of a large motor car for both official and personal purposes; Driver is also provided by the employer.</p>	
8.	<p>Mr.Suresh carrying business in an urban area is shifting his capital assets to a Special Economic Zone. Calculate his taxable capital gain for the assessment year 2024-25 as per the old tax regime: Cost of Asset Rs.35,00,000; Date of purchase 10.08.2010; Sale value Rs.90,00,000; Date of Sale 20.08.2023.</p> <p>He shifted his industrial undertaking Rs.15,00,000 in SEZ and he has deposited Rs.5,00,000 in the Capital Gain Deposit Account scheme immediately after the date of sale.</p> <p>CII for 2010-2011 is 167 and 2023-24 is 348.</p>	

SECTION C – K4 (CO3)

Answer any TWO of the following in 100 words each.		(2 x 10 = 20)
9.	State the provisions relating to any ten incomes that are exempted from taxation under the Income Tax Act.	

10.	The following is the Cash book of an Auditor Moorthy for the year ending 31st March 2024:			
	Particulars	Rs.	Particulars	Rs.
	To Balance b/d	9,614	By Office expenses	24,150
	To Audit fees	54,750	By Personal expenses	4,769
	To Accountancy work fee	25,475	By Membership fees	4,045
	To Other source income	27,745	By Income tax	2,493
	To Rent from house property	14,200	By Car purchased	23,450
			By Car expenses	5,420
			By Insurance for the house	300
			By Balance c/d	67,157
		1,31,784		1,31,784

Depreciation on car is 15%; 1/4 of car expenses for personal use; Compute his professional income as per the old tax regime.

11. Mr. Ram an Indian citizen leaves India for the first time on 31-05-2019 and comes back on 15-05-2022. He again leaves India on 10-06-2023 to come back on 14-01-2024. He's living in India since then. Determine his status for the previous year 2023-24.
12. Mr. Kalam has furnished the following details of his income for the previous year. Compute his income from other sources:
- Income from Letting Plant, building and furniture on Hire Rs.40,000 per month; Expenses claimed: Repairs Rs.5,000; Depreciation Rs.40,000 and Insurance Rs.15,000.
 - He has taken a residential house by paying a rent of Rs.12,000 per month. He sub-lets 1/4th of the house for a rent of Rs.5,000 per month. Municipal taxes of the house paid by him is Rs. 10,000 and repairs incurred is Rs.16,000.
 - Dividends (Gross) from an Indian company Rs.4,000.
 - Race winning received Rs.10,05,000.

SECTION D – K5 (CO4)

Answer any ONE of the following in 250 words

(1 x 20 = 20)

13. Following are the incomes of Mr. Varadhan for the previous year. Calculate his taxable income the assumption that he is (a) Ordinary Resident (b) Not Ordinarily Resident and (c) Non-Resident.
- Profit from business carried from Hyderabad Rs.50,000.
 - Income accrued in India but received in Hongkong Rs.75,000.
 - Past untaxed income brought into India during his previous year Rs.42,000.
 - Income from house property situated in Sri Lanka Rs.48,000.
 - Income from agriculture in United Kingdom Rs. 1,00,000.

14. Explain the provisions relating to "Pre-construction period interest"

SECTION E – K6 (CO5)

Answer any ONE of the following in 250 words

(1 x 20 = 20)

15. Calculate Income from House Property of Mr. Varun who owns three houses as per the old tax regime. The particulars are as follows:

Particulars	House 1 (Rs.)	House 2 (Rs.)	House 3 (Rs.)
Municipal Rental Value	3,80,000	4,20,000	4,80,000
Fair Rental Value	4,00,000	4,40,000	5,00,000
Standard Rent	--	4,30,000	--
Nature of Occupation	Self occupied for own business	Let - out house	Self occupied for own residence
Actual Rent	--	40,000 per month	--

	Period of Vacancy	--	1 1/2 months	--
	Unrealised rent	--	1 month	--
	Rs.1,60,000 for House 2 and Rs.2,00,000 for House 3 was borrowed as loan on 1.6.2018 at the rate of 15% per annum. The construction of House 2 is completed in May 2022 and House 3 in May 2021. Date of repayment of loan along with interest is 20.05.2024 for House 2 and 31.1.2022 for House 3.			
16.	Illustrate the various kinds of securities and their tax treatment.			

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