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Reg. No.....

Name.....

M.Com. DEGREE (C.S.S.) EXAMINATION, NOVEMBER 2025

Third Semester

Faculty of Commerce

CM 010 302-INCOME TAX—LAW AND PRACTICE

(2019 Admission Onward)

[Common for all Branches]

Time : Three Hours

Maximum Weight : 30

Section A

*Answer any **eight** questions.*

Each question carries a weight 1.

*Each answer shall not exceed **one page**.*

1. Define direct tax and bring out its advantages.
2. Write a short note on : Free medical and Free education facilities.
3. Define Gross Annual Value. List the steps to determine the Gross Annual Value.
4. What do you understand by transfer of capital assets ? Mention any *four* transactions not regarded as transfer.
5. What is rebate and relief in income tax ?
6. Explain the deductions under sections 80G and 80U.
7. Mr. Gopu, an Indian citizen, leaves in India for the first time on September 20, 2021 for the purpose of employment. He comes to India for a visit of 146 days on April 2022. He finally comes back on May 16, 2023. Find out the residential status of Mr. Gopu for the A.Y 2024-25.
8. X Ltd. has given Mr. Roopesh a housing loan of Rs. 5,00,000 on 1-10-2023 @ 6 % interest p. a. The entire loan is outstanding until the end of the financial year. Compute the taxable amount of interest for the Assessment Year 2024-25 assuming the rate of interest of housing loan charged by the SBI is 10% p. a.

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9. Mrs. Kirpa purchased a piece of land on 4-1-1988 for Rs. 60,000. The land was sold by him on 2-9-2023 for Rs. 18,00,000. The market value of land as on 1-4-2001 was Rs. 1,40,000. Expenses on sale were 2.5 % of the transfer price. Compute the Capital Gains (taxable) for the Assessment Year 2024-25. Assume the Cost Inflation Index for the 2023-24 to be 348.
10. Mr. X (resident of India aged 67 years) has incomes as under :

	Rs.
(i) Lottery	... 10,00,000
(ii) Long term capital gains	... 35,000
(iii) Interest from Government Securities	... 1,80,000
(iv) Pension	... 2,85,000
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Total income	... 15,00,000
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He purchased N.S.C. VIII Issue Rs. 1,00,000 Compute his net tax liability.

(8 × 1 = 8)

Section B

Answer any six questions.

Each question carries a weight of 2.

*Each answer shall not exceed **Two pages**.*

11. What is Income Tax ? Describe the history of Income Tax India.
12. Give an account of the exempted incomes for the institutions.
13. What is profit in lieu of salary u/s 17 (3). What is the difference between perquisites and profit in lieu of salary ?
14. Mr. Manohar was manager in a company. He took premature retirement from service on 1st October, 2023 after completing 26 years of service.

His average salary for the last 10 months was Rs. 19,300 and he was getting D. A. of Rs. 800 p. m. which was treated as salary for the purpose of retirement benefits. He had availed 19 months earned leave while in service on the basis of 30 days leave for every year. He was paid Rs. 1,29,000 as salary and Rs. 5,600 as D.A. in respect of earned leave due.





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Compute the exempt amount regarding encashment of earned leave for the Assessment Year 2024-25.

15. Mr. Arvind has two house properties situated in Delhi. Property A is selfoccupied for the first 6 months from 1-4- 2023 to 30-9- 2023 and w.e.f 1-10-2023 it was let-out for Rs. 10,000 p.m. Property B is let-out w.e.f 1-4-2023 at a rent of Rs. 12,000 p.m. and w.e.f. 1-10-2023 it was selfoccupied as Arvind shifted his residence from property A to B. The other details of the above two house properties are as under :

	<i>Property A</i>	<i>Property B</i>
	Rs.	Rs.
Municipal paid	... 30,000	24,000
Insurance premium paid	... 3,000	4,000
Interest on money borrowed for purchase of house property	... 35,000	4,000

Compute the income from house property for the Assessment Year 2024-25.

16. Mr. Ramesh Rana furnishes the following particulars of his income for the Previous Year 2023-24. Compute his gross total income.

		Rs.
(i) Dividend on equity shares	...	600
(ii) Dividend on preference shares (Gross)	...	3,200
(iii) Income from letting on hire of building and machinery under one composite lease	...	27,000
(iv) Interest on bank deposits	...	2,800
(v) Directors sitting fees received	...	1,500
(vi) Ground rent	...	900
(vii) Income from undisclosed sources	...	10,000
(viii) Winnings from lotteries(net) received	...	14,000

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The following deductions are claimed by him :

(a) Collection charges of dividend	...	40
(b) Allowable depreciation on building and machinery	...	4,000
(c) Fire insurance on building and machinery	...	200

17. From the following information compute total income and the tax payable By Mr. Varma for the Assessment Year 2024-25 :

	Rs.
(i) Income from house property (computed)	... 3,48,000
(ii) Interest from bank on savings deposits	... 24,000
(iii) Short term capital gains from share transactions	... 2,90,000
(iv) Securities transaction paid in respect of item (iii)	... 7,000
(v) Donation to approved charitable institution by cheque	... 10,000
(vi) Life insurance premium paid	... 12,000

18. Mr. Zen sold the following assets during the year 2023-24 :

- Land purchased on 2001 for Rs. 1,40,000 sold for Rs. 3,50,000.
- Machinery purchased for Rs. 12,000 in 2013 sold for Rs. 21,000 (WDV Rs. 6,000).
- Office furniture purchased in April, 2022 for Rs. 1,200 sold for Rs. 1,700.
- Shop purchased in 2004-05 for Rs. 1,13,000 sold for Rs. 1,80,000.
- Residential house purchased in 2004-05 for Rs. 2,25,000 sold on 15-4-2023 for Rs. 10,60,000. He purchased another residential house on 15-3-2024 for Rs. 4,20,000. Compute his taxable income under the head Capital Gain.

Cost Inflation Index for 2001-02 is 100, 2004-05 is 113 and 2023 24 is 348.

(6 × 2 =12)





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Section C*Answer any two questions.**Each question carries a weight of 5.*

19. Mr. Rajesh, an employee in a company at Delhi, is drawing a salary of Rs. 30,000 p.m. plus 10 % of his salary as dearness pay. He is getting entertainment allowance of Rs. 1,200 p.m. He has spent Rs. 5,000 on the entertainment of the company's customers. He is provided with a rent-free unfurnished house of the fair rental value of Rs. 4,000 p. m. The house is owned by the company, He is also provided with a small car for his personal and official use and all expenses of its running, maintenance and driver are met by the company. Mr. Rajesh borrowed Rs. 1,00,000 interest free loan from the company to construct the house before one year. Assume the SBI charges interest on such loans @ 10 % p. a. Compute the taxable salary of Mr. Rajesh for the Assessment Year 2024-25.
20. The following is the Profit and Loss Account of Mr. Shajhan for the year ended on 31st March, 2024. Compute his taxable income from the business for that Year :

<i>Particulars</i>	<i>Rs.</i>	<i>Particulars</i>	<i>Rs.</i>
To Opening stock	... 15,000	By Sales	... 2,80,000
" Purchases	... 1,40,000	" Closing stock	... 20,000
" Wages	... 20,000	" Gift from father	... 10,000
" Rent	... 46,000	" Sale of car	... 18,000
" Repairs of car	... 3,000	" Income tax refund	... 3,000
" Medical expenses	... 3,000		
" General expenses	... 10,000		
" Depreciation of car	... 4,000		
" Profit for the year	... 90,000		
	<hr/> 3,31,000 <hr/>		<hr/> 3,31,000 <hr/>

Following further information are given :

- (a) Mr. Shajhan carries on his business from a rented premises half of which is used as his residence.

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- (b) Mr. Shajhan bought a car during the year for Rs. 20,000. He charged 20 % depreciation on the value of the car. The car was sold during the year for Rs. 18,000. The use of the car was $\frac{3}{4}$ th for the Business and $\frac{1}{4}$ th for personal use.
- (c) Medical expenses were incurred during the sickness of Mr. Shajhan for his treatment.
- (d) Wages including Rs. 250 p.m. on account of Mr. Shajhan's driver for 10 months.

21. The following are incomes from various sources of Mr. Samson for the Assessment Year 2024-25 :

	Rs.
(i) Rent received from house property let-out to bank ...	1,42,000
(ii) Profit from cloth business ...	20,000
(iii) Loss from cotton business ...	30,000
(iv) Profit from silver speculation business ...	20,000
(v) Loss from speculation business of gold ...	30,000
(vi) Interest from bank deposits (Gross) ...	47,000
(vii) Lottery prize received (Net) ...	4,20,000
(viii) Dividend received on shares of a domestic Co. ...	8,000
(ix) Amount received on maturity of life policy ...	50,000
(x) Royalty from books (conditions fulfilled u/s 80Q.QB ...	1,55,000

Compute the total income and net tax liability of Mr. Samson keeping the following points in mind :

- (a) He spent Rs. 13,500 on the treatment of handicapped dependent.
- (b) Donation to P. National Defense Fund Rs. 25,000 by cheque.





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22. Write a short note on :

- (a) Short term and long term capital gains.
- (b) Agricultural income and Partly agricultural income.
- (c) Fringe benefits.
- (d) Unabsorbed depreciation.
- (e) Deductions under Chapter VI A.

(2 × 5 = 10)

