



Avinashilingam Institute for Home Science and Higher Education for Women
Deemed to be University Estd. u/s 3 of UGC Act 1956, Category A by MHRD (now MoE)
Re-accredited with 'A++' Grade by NAAC. Recognised by UGC Under Section 12B
Coimbatore - 641 043, Tamil Nadu, India

Continuous Internal Assessment Test- I, February 2025
Semester - IV

Class : II PG
Major: M.Com /M.Com (CA)

Time: 2 hours
Max. Marks: 60

23MCOC24A / 23MCCC24 - Elective I P-IV Finance

Tax Planning and Management

Course Outcomes:

- CO1: Compare and contrast tax planning, tax management and tax evasion
CO2: Knowledge on tax planning under various heads of income
CO3: Computation of gross total income of an assessee
CO4: Computation of tax liability of various assessee
CO5: Understand the provisions relating to corporate tax planning

Part - A

Answer all the questions

6 x 1 = 6

1. A person who stays in India for less than 182 days during the financial year is classified as CO1K2
 - a. Resident
 - b. Non-resident
 - c. Resident but Not Ordinarily Resident
 - d. Foreign citizen
2. Income exempt under Section 10(1) refers to CO1K2
 - a. Salaries earned by employees
 - b. Agricultural income
 - c. Capital gains
 - d. Business income
3. Which allowance is fully taxable? CO2K2
 - a. House Rent Allowance (HRA)
 - b. Conveyance Allowance
 - c. Dearness Allowance
 - d. Medical Reimbursement
4. Standard deduction under the head 'Income from house property' is CO2K2
 - a. 20% of annual value
 - b. 30% of annual value
 - c. 50% of annual value
 - d. 40% of annual value
5. Which of the following is allowed as a deduction while computing profits and gains of business? CO2K2
 - a. Personal expenses
 - b. Interest paid on business loans
 - c. Income tax penalties
 - d. Drawings by the owner
6. Conversion of gold into Electronic Gold will Result in CO3K2
 - a. Capital gain
 - b. Capital Receipt
 - c. Revenue Receipt
 - d. No Capital gain

Part - B
Answer all the questions
Answer should not exceed 400 words or two pages

3 x 6 = 18

7. a. Write a note on tax avoidance and tax evasion. CO1K2
 (or)
 7. b. Distinguish capital receipts from Revenue receipts. CO1K3
 8. a. Mr.Jai, a manager with a company was transferred to Bangaore where he stayed in a CO2K3

hotel free of rent. His salary particulars are:

	Rs.
Salary (p.m)	25,000
D.A. (p.m)	5,000
Conveyance allowance (p.m)	1,000
Actual expenditure incurred for employment (p.m)	600
City Compensatory allowance (p.m)	1,000

Calculate the value of rent free accommodation under old tax regime if he stayed in a hotel for

- (a). 14 days and actual bill is Rs. 6,600
 (b). 38 days and actual bill is Rs. 30,950

(or)

8. b. Calculate the ARV from the particulars given below: CO2K3

Actual Rent Rs. 7,000 p.m	MRV Rs. 60,000 p.a
FRV Rs. 66,000 p.a	Standard Rent Rs. 69,000 p.a

During previous year 2023-24 assessee could not realize rent for two months.

- 9.a. From the following statement, compute the income from profession of Dr.S.K.Kapoor if CO2K3
 accounts are maintained on cash/receipt system :

Cash Receipts	Rs.	Cash Payments	Rs.
To Visiting fees	45,000	By Dispensary rent	36,000
To Consultation fees	1,25,000	By Electricity and water charges	6,000
To Sales of medicines	75,000	By Telephone expenses	6,000
To Dividends	5,000	By Salary to nurse and compounder	36,000
		By Dep. On surgical equipment	6,000
		By Purchase of medicines	38,000
		By Depreciation on X-ray Machine	4,000
		By Income Tax	5,500
		By Donation to Rama Krishna Mission	4,000
		By Motor Car expenses	9,600
		By Dep. On Car	4,800
		By Balance c/d	91,100
	2,47,000		2,47,000

- Notes: 1. Electricity and water charges include domestic bill of Rs. 2,500.
 2. Half of motor car expenses are for professional use.
 3. Telephone expenses include 40% for personal use.
 4. Opening stock of medicines was Rs. 6,000 and closing stock was Rs. 4,000

(or)

9. b. What is the difference between short-term and long-term capital gains? CO3K2

Part - C
Answer all the questions
Answer should not exceed 800 words or four pages

3 x 12 = 36

10. a. Following are the incomes of Sri Rathnam for the previous year 2023-24		CO1K4
	Rs.	
(i) Profit from business in Bangalore	10,000	
(ii) Income accrued in India but received in Japan	4,000	
(iii) Profit from business in Canada but received in India	5,000	
(iv) Income from house property in Karachi received in Bombay	4,000	
(v) Profit from business established in England and deposited there, the business being controlled from India	20,000	
(vi) Income from house property in America and deposited there	2,000	
(vii) Past untaxed income brought into India during the previous year	10,000	

Compute the total income of Shri Rathnam for the assessment year 2024-25 if he is (a) Resident (b) N.O.R. or (c) Non-Resident.

(or)

10.b. Give few example of incomes which are totally exempt from income tax. CO1K4

11.a. Mr. Ramamurthy furnishes the following details of his salary income :

	Rs.
1. Salary	4,50,000
2. Encashment of earned leave	20,000
3. Uniform allowance Spent Rs. 12,000 on purchase and maintenance of the uniform	10,000
4. Research allowance Spent Rs. 9,000 on during the previous year	9,000
5. Scholarship granted to his son by the University	4,800
6. Education allowance for his grand daughter	3,000
7. Education allowance for his son studying outside India	30,000
8. Loan at concessional rate to buy a new car @ 6.75% p.a. Assume prescribed rate of interest by SBI on 1.4.2023 is 9.25% p.a Date of loan 1.4.2023	1,80,000
9. Helper allowance Engaged a helper for the performance of duties of the office and pain him	18,000 15,000
10. Professional tax paid by the employer	2,000
11. Refreshment during office hours at an estimated cost of Rs. 500 p.m	6,000
12. Employer paid his club bills	15,000
13. Employer's and Employee's contribution to R.P.F. is 14% of salary	
14. H.R.A received by him is Rs. 12,000 p.m and rent paid by him is Rs. 15,000 p.m	
15. Insurance premium paid by him on his own life Rs. 16,000 assured amount is Rs. 2,00,000. He got this insurance policy in 2006. On the life of his wife Premium is Rs. 6,000 sum assured Rs. 60,000.	

Compute his taxable income under the head salary for the assessment year 2024-25 and Q. A for deduction u/s 80C under old tax regime.

(or)

11.b. Mr.Sri Kant owns two house, the particular of which are given below for the previous year 2023-24

CO2K5

Particular	House A Rs.	House B Rs.
Rent Received	NIL	1,72,000 p.a
Standard Rent	5,00,000 p.a	1,50,000 p.a
Municipal Valuation	4,90,000 p.a	1,60,000 p.a
Fair Rent	5,00,000 p.a	1,80,000 p.a
Municipal Taxes paid during the year	49,000 p.a	16,000 p.a
Fire Insurance (due)	5,000 p.a	3,000 p.a
Ground Rent paid	4,500 p.a	3,900 p.a
Interest on money borrowed during 98-99 for construction of houses (50 % paid)	36,000 p.a	48,000 p.a
Unrealised rent (Pertaining to this year)	NIL	6,000
Nature of Occupation	Self occupied	Let out

Compute income from house property (under old tax regime) for the assessment year 2024-25 assuming that the assessing officer is satisfied with the non-recovery of rent.

12.a. Mr.Mahaligam furnishes the following particular. Compute his income from business for the assessment year 2024-25 :

CO2K5

- Legalexpenses to the extent of Rs. 5,000 represent the amount spent for curing the defect in the title of business asset and balance amount on acquiring the asset.
- Know-how was development in a laboratory financed by the state government
- Actual bad debts. Amounted to Rs. 3,000 only.
- Advertisement expenditure was paid in cash.

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

	Rs.		Rs.
Trade expenses	1,01,500	Gross Profit	5,00,000
Wages and Salaries	1,33,000	Refund of Income tax penalty levied earlier	22,150
Advertisement expenses	20,000		
Income-tax	7,500		
Contribution to staff Welfare Fund	1,000		
Donation to Rural Development Fund (Approved)	2,000		
Life Insurance premium on own life	750		
Provision for doubtful debts	5,000		
Interest on Capital	3,550		
Provision for GST	9,000		
Expenditure on know how	18,000		
Gift to 20-customers	2,000		
Fire Insurance Premium	850		
Legal expenses	8,000		
Net Profit	2,10,000		
	5,22,150		5,22,150

(or)

12.b. Define the 'Capital Gain'. Discuss the Procedure for computation of Capital Gains as prescribed by the Income-tax Act, 1961.

CO3K4