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Avinashilingam Institute for Home Science and Higher Education for Women

(Deemed to be University under Category 'A' by MHRD, Estd. u/s 3 of UGC Act 1956)

Re-accredited with 'A++' Grade by NAAC. Recognised by UGC Under Section 12B

Coimbatore - 641 043, Tamil Nadu, India

Continuous Internal Assessment Test I – August, 2024

V – SEMESTER

Class : III – UG

Time : 2 Hours

Major: B.Com /B.Com (PA) /B.Com Corp.Sec

Max. Marks : 60

21BCOC18/21BCPC20 / 21BCRC18 Direct Taxes -I/ Income Tax Law and Practice – I

Course Outcomes:

CO 01: Recollect the basic concepts and definitions of Income Tax Act

CO 02: Know the incomes exempted from tax

CO 03: Understand the computation of income under various heads as per the provisions of Income tax.

CO 04: Remember the exemptions, deductions and rebates under income tax rules

CO 05: Apply income tax provisions in set off and carry forward of loss.

Part – A

Answer the following questions

6X1=6

01. The basic source of income-tax law is – CO2 K1
 - (a) Income-tax Act, 1961
 - (b) Income-tax Rules, 1962
 - (c) Circulars/Notifications issued by CBDT
 - (d) Judgments of Courts
02. The maximum ceiling limit for exemption under section 10(10) in respect of gratuity for employees covered by the Payment of Gratuity Act, 1972 is CO2 K3
 - (a) Rs.10, 00,000
 - (b) Rs. 5, 00,000
 - (c) Rs. 3, 50,000
 - (d) Rs. 20, 00,000
03. The HRA paid to an employee residing in Patna is exempt up to the lower of actual HRA, excess of rent paid over 10% of salary and –
 - (a) 30% of salary
 - (b) 40% of salary
 - (c) 50% of salary
 - (d) 60% of salary
04. Treatment of unrealized rent for determining income from house property CO3 K4
 - (a) To be deducted from expected rent
 - (b) To be deducted from actual rent
 - (c) To be deducted under section 24 from annual value
 - (d) To be deducted from both expected rent and actual rent
05. Incomes which accrue or arise outside India but received directly in India are taxable in case of CO3 K2
 - (a) Resident and ordinarily resident only
 - (b) Both resident and ordinarily resident and resident but not ordinarily resident
 - (c) Non-resident
 - (d) All the above
06. Deduction under section 24(a) is CO3 K3
 - (a) 1/3rd of NAV
 - (b) repairs actually incurred by the owner
 - (c) 30% of NAV
 - (d) Interest on borrowed capital

Part – B

Answer any two of the following questions

3X6=18

(Answers not exceeding 400 words)

07. (a) Mr. Prashant went to W. Germany for diploma course on 5th August 2023 and came back to India on 25th February 2024. His family (wife and children's) remained in India. He had never been out of India before. *What is his residential status for the year ending on 31.03.2024* CO1 K3

(OR)

- (b) From the following particulars of income furnished by Mr. Anirudh pertaining to the year ended 31.3.2023, compute the total income for the assessment year 2024-25, if he is: CO2 K3

- (i) Resident and ordinary resident;
- (ii) Resident but not ordinarily resident;
- (iii) Non-resident

Sl. No.	Particulars	Amounts in Rs.
01.	Short term capital gains on sale of shares of an Indian Company received in Germany	Rs. 15,000
02.	Dividend from a Japanese Company received in Japan	Rs.10,000
03.	Rent from property in London deposited in a bank in London, later on remitted to India through approved banking channels	Rs. 75,000
04.	Dividend from RP Ltd., an Indian Company	Rs. 6,000
05.	Agricultural income from land in Gujarat	Rs. 25000

08. (a) Show how the following incomes are to be assessed in the hands of an assessee who is (a) resident (b) non-resident and (c) not ordinarily resident CO2 K3

- (a) Salary drawn during the year for employment outside India from Government of India 93,500
- (b) Salary drawn for employment in London office of an Indian Company for three months 18,000
- (c) Profits earned abroad & received in India 25,000
- (d) Profit earned from business transactions outside India & kept in Bank there 18,000
- (e) Dividend received from an Indian Company 3,000

OR

- (b) (i) Mrs. Beena was appointed as Reader in Kolkata University in the scale of 12,000-420-18,300 on 01.09.2019. Compute his salary income for the previous year 2023-2024 if
 (a) Salary is due on 01st of every month; (b) Salary is due on last date of every month.
- (ii) Compute taxable part of annual accretion from information given below:
 (a) Salary @ Rs.4,800 p.m
 (b) Commission @ 1% of turnover of Rs. 2,40,000 achieved by him during the previous year
 (c) Employer's contribution to RPF @ 700 p.m
 (d) Interest credited to RPF balance @12% p.a. is Rs.7,200

CO3 K3

09. (a) Differentiate the Annual Value and Annual Rental Value
- (b) Write a short note on: Unrealised Rent and Vacancy allowance

CO3 K3

OR

- (b) Mr. Kalyan gets salary of Rs. 40,000 pm and is provided with the rent free unfurnished accommodation at Ludhiana (Population 20 lakhs as per latest census) whose fair rental value is Rs. 15,000 p.m. He gets leave encashment for the current previous years of Rs. 20,000 during the year. House was provided to him with effect from 1.7.2023. His salary is due on 1st day of every month. Calculate the value of rent-free accommodation and gross salary.

CO3 K3

Part – C

3 x 12= 36

Answer the following

Answer should not exceed 800 words

10. (a) Mr. Ram an Indian citizen leaves India for the first time on 31st May 2019 and comes back on 15th May 2022. He again leaves India on 10th June 2023 to come back on 14th January 2024. He is living in India since then. Determine his status for the previous year 2023-2024.
- (b) (i) Mr. Sen comes to India on 10th May 2021 after staying for 10 years in USA. He stays in India up to 4th January 2024 and leaves India on 5th January 2024 for USA. During his stay in India he did not stay for more than 15 days at any particular place as he was exploring the possibilities of a new business. Determine his status for the previous year 2023-2024.
- (ii) What difference it will make if he comes to India after 4 years stay in USA and prior to that he was in India.

CO1 K3

OR

- (b) Following are the particulars of income of Mr. RTM for the assessment year 2024 – 2025

CO1 K4

Income details	Amounts in Rs.
Income from business in Mumbai	80,000
Income from house property in Pune	20,000
Pension from former employer for service rendered in India but received in U.K	24,000
Profit from business in U.K. but controlled from Mumbai, Out of this Rs. 20,000 were received in India	1,60,000
Dividend from Indian Company but received in U.K.	18,000
Income from agriculture in Nepal: received there but later on remitted to India	60,000
Interest on Bonds issued by U.K. Government out of which 50% is received in India	40,000
Past untaxed income of 2013 – 2014 to 2015 – 2016 brought into India during 2016 – 2017	4,00,000
Income from house property in U.K. and donated there to a notified charitable institution	70,000

Compute the total income for the assessment year 2024 – 2025 if Mr. RTM is

- (a) Resident (b) Resident but not ordinarily resident and (c) Non – Resident

11. (a) Mr. Sutheesh is a production manager of an industrial unit at Mumbai. The particulars of his salary are as under:

	Rs.
Basic Salary	15,000 p.m.
Dearness allowance (given under the terms of employment)	5,000 p.m.
Entertainment allowance	1,000 p.m.
Medical allowance	500 p.m.
House Rent allowance	4,000 p.m.
Rent paid for the house	5,000 p.m.
Car of 1.2 lt. capacity provided by employer for private and official use. Employer meets expenses of car.	
Mr.S had taken interest free loan of Rs.15,000 to purchase refrigerator. Compute income under the head salary for the assessment year 2024-25	

OR

- (b) From the following details, find out the salary chargeable to tax for the A.Y.2024-25 - Mr. X is a regular employee of Rama & Co., in Gurgaon. He was appointed on 1.1.2019 in the scale of Rs. 20,000 - Rs. 1,000 - Rs. 30,000. He is paid 10% D.A. & Bonus equivalent to one month pay based on salary of March every year. He contributes 15% of his pay and D.A. towards his recognized provident fund and the company contributes the same amount. He is provided free housing facility which has been taken on rent by the company at Rs. 10,000 per month. He is also provided with following facilities:

- (i) Facility of laptop costing Rs. 50,000.
- (ii) Company reimbursed the medical treatment bill of his brother of Rs. 25,000, who is dependent on him.
- (iii) The monthly salary of Rs. 1,000 of a house keeper is reimbursed by the company.
- (iv) A gift voucher of Rs. 10,000 on the occasion of his marriage anniversary.
- (v) Conveyance allowance of Rs. 1,000 per month is given by the company towards actual reimbursement.
- (vi) He is provided personal accident policy for which premium of Rs. 5,000 is paid by the company.
- (vii) He is getting telephone allowance @ Rs. 500 per month

. CO3 K4

12. (a) Ganesh has three houses, all of which are self-occupied. The particulars of the houses for the P.Y. 2023-24 are as under:

Particulars	House – I	House – II	House – III
Municipal valuation p.a.	3,00,000	3,60,000	3,30,000
Fair rent p.a.	3,75,000	2,75,000	3,80,000
Standard rent p.a	3,50,000	3,70,000	3,75,000
Date of completion/purchase	31.3.1999	31.3.2001	01.4.2014
Municipal taxes paid during the year	12 %	8%	6%
Interest on money borrowed for repair of property during the current year	-	55,000	-
Interest for current year on money borrowed in July 2013 for purchase of property	-	-	1,75,000

Compute Ganesh's income from house property for A.Y.2024-25 and suggest which houses should be opted by Ganesh to be assessed as self-occupied so that his tax liability is minimum.

CO3K4

(OR)

- (b) Anirudh has a property whose municipal valuation is Rs. 1, 30,000 p.a. The fair rent is Rs.1, 10,000 p.a. and the standard rent fixed by the Rent Control Act is Rs. 1,20,000 p.a. The property was let out for a rent of Rs. 11,000 p.m. throughout the previous year. Unrealised rent was Rs. 11,000 and all conditions prescribed by Rule 4 are satisfied. He paid municipal taxes @10% of municipal valuation. Interest on borrowed capital was Rs. 40,000 for the year. Compute the income from house property of Anirudh for A.Y.2020-21.

CO3K4

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