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**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. CGPA 3.65/4, Category I by UGC

Coimbatore - 641 043, Tamil Nadu, India

**Bachelor's Degree Examination – May 2025****IV Semester****Class : II UG****Major : B.Com/B.Com CS****Time : 3 Hours****Max. Marks: 100****23BCOC08 / 23BCRC08 Income Tax Law and Practice****Course Outcomes :**

- CO1:** Comprehend the concepts of taxation, including assessment year, previous year, assesses, personal income, total income, agricultural income and determine the residential status of persons.
- CO2:** Compute income under different heads, applying the charging provisions, deeming provisions, exemptions and deductions.
- CO3:** Apply the clubbing provisions and provisions relating to Set-off and Carry Forward of Losses to determine the Gross Total Income.
- CO4:** Calculate the tax liability of an individual and HUF as well as deductions from gross total income and determine the total income of an individual and HUF.
- CO5:** Comprehend the provisions relating to filing of return of income.

**Part A****10 x 1 = 10****Choose the Correct Answer**

1. Income tax is levied as a \_\_\_\_\_. CO1K1  
a. Direct Tax      b. Indirect Tax      c. Local Tax      d. Wealth Tax
2. The year in which income is earned is called \_\_\_\_\_. CO1K1  
a. Previous year      b. Current year      c. Assessment year      d. Financial year
3. Salary received by a member of Parliament is \_\_\_\_\_. CO2K2  
a. Taxable as salary income      b. Exempt from tax  
c. Taxable as income from other sources      d. Exempted Partially
4. House rent allowance is \_\_\_\_\_. CO2K2  
a. Fully exempted      b. Partly taxable  
b. Fully taxable      d. Actual rent paid alone is taxable
5. Gifts from clients are \_\_\_\_\_. CO3K2  
a. Professional income      b. Income from other sources  
c. Non taxable item      d. Partially taxable
6. Income from sale of rural agricultural land is \_\_\_\_\_. CO3K2  
a. Taxable capital gain      b. Exempted capital gain  
c. Short term capital gain      d. Partially exempted
7. Speculation loss can be set-off against \_\_\_\_\_. CO4K2  
a. Salary income      b. House property income  
c. Speculation income      d. Another business income
8. If assessee is a senior citizen, maximum permissible deduction for premium paid for medical insurance u/s 80D is \_\_\_\_\_. CO4K2  
a. Rs. 5,000      b. Rs. 10,000      c. Rs. 25,000      d. Rs. 50,000
9. There are \_\_\_\_\_ types of return filing notified by Income Tax Department. CO5K2  
a. 7      b. 8      c. 5      d. 3
10. Which is referred to the process of submitting your tax returns electronically. CO5K2  
a. Off line filing      b. Online filing      c. Manual filing      d. e-filing

## Answer ALL questions

Each answer should not exceed 400 words or two pages

11. a. What are the types of Tax? Explain them. CO1K1  
(or)
11. b. Explain the scope of total income. CO1K1
12. a. What are the different forms of salary ? CO2K3  
(or)
12. b. Examine the tax treatment of allowances in the following cases for P.Y. 2023 -24. CO3K3
- (i). Mr. K. Kumar, receives the following allowances:
- a) Dearness Allowance Rs. 1,000 p.m.  
b) Medical Allowance Rs. 500 p.m.  
c) Transport Allowance Rs. 2,000 p.m.
- (ii). Sukumar, a private company employee, receives the following allowances:
- a) D.P. (Dearness Pay) Rs. 5,000 p.m.  
b) House Rent Allowance (H.R.A.) Rs. 1,000 p.m. (Lives in own house)  
c) City Compensatory Allowance (C.C.A.) Rs. 1,000 p.m.  
d) Entertainment allowance Rs. 500 p.m.

13. a. From the following, compute the taxable income under the head income from business, profit before adjusting the following items is Rs. 5,50,000. CO3K4

	Rs.
Administration Expenses	10,000
Trade expenses	5,000
House hold expenses	3,000
Discount allowed	4,000
Income tax	400
Provision for bad debts	2,000
Bad debts	3,000
Donation to P.M. National relief fund	4,000
Legal fee	200

(or)

13. b. Mr. Santhosh has furnished the following details: CO3K4  
Determine his capital gain for A.Y. 2024-25.

S. No.	Nature of Capital Assets	Date of Purchase	Date of Sale	Cost Rs.	Expense On Purchase Rs.	Sale Value Rs.	Expenses On Sale Rs.
1	House 'A'	1-1-22	1-8-23	4,00,000	10,000	7,00,000	5,000
2	House 'B'	31-12-21	15-12-23	3,00,000	2,000	5,00,000	10,000
3	Building 'C'	1-1-23	1-1-24	5,00,000	5,000	8,00,000	10,000
4	Urban agriculture	1-1-23	1-2-24	7,00,000	30,000	15,00,000	4,000
5	land	31-1-22	1-6-23	6,00,000	1,000	8,00,000	5,000
6	Land(Non-agriculture) Commercial Building 'D'	1-8-21	1-7-23	8,00,000 (W.D.V.)	Nil	6,00,000	2,000

14. a. What are the income not chargeable to a HUF? CO4K4  
(or)
14. b. Shri. Ponnusamy had taken a loan from Bank for his higher studies. He started repaying the loan with effect from 1-4-2020 and during 2023-24 he repaid Rs. 50,000 as principal amount and Rs. 10,000 as interest. His gross total income for previous year 2023-24 is Rs. 2,40,000. Compute his income for the assessment year 2024-25. What will be his income if he had been paying the loan from 2013-14? CO4K4
15. a. Give the comparison between e-filing Vs. Manual filing of Income Tax Returns. CO5K5  
(or)
15. b. What are the provisions for on-line filing of Income-Tax Return. CO5K5

## Answer ALL questions

Each answer should not exceed 800 words or four pages

16. a. Briefly discuss about Basic concepts of Income Tax Act, 1961. CO1K2  
(or)
16. b. What is the need for Direct Tax? Explain the features of Direct Taxation. CO1K2
17. a. Describe the different types of allowances. CO2K2  
(or)
17. b. The following information is given to you by Z. an individual, to enable you to ascertain his taxable salary for the assessment year 2024 -25. CO2K3
- (i) He was employed as a Senior manager of a company and was paid the following:  
Basic Salary: Rs. 4,000 p.m. Special allowance: at 25% of the basic salary  
Peon allowance: at Rs.200 p.m. Bonus: Rs. 20,000.  
Entertainment allowance @ 1,500 p.m.
- (ii). Three of his children were educated in convents outside the place of his service and the employer paid an allowance of Rs. 7,600 per child per annum to meet the costs of education and boarding expenses.
- (iii) During the year, he was asked to proceed to Amritsar to manage temporarily the Branch there and was paid a special pay (not included above) Rs. 5,000 for this purpose.
- (iv). The employer reimbursed Z with Rs. 300 per month being the tuition fee paid to the Institute of Higher learning and management where Z had enrolled himself for MBA course.
- (v). During the year he availed LTC for his family and himself. The travel was within the prescribed block of years. He did not travel but his wife and two major children performed the Journey by air. The company paid to Z Rs. 10,800 as LTC claim. Travel by air-conditioned first class would have cost each of the persons for the places visited Rs.1,800 (both ways).
18. a. The following is the receipts and payments account of a Medical practitioner for the year ending March 31, 2024. CO3K3

Receipts	Rs.	Payments	Rs.
Balance b/d	1,10,000	Clinic Rent	15,000
Visiting fees	65,000	Staff salaries	80,000
Consultation fees	65,000	Rent and taxes	5,000
Sales of Medicines	25,000	Electricity and water	4,000
Operation theatre rent	15,000	Purchase of Medical books	4,000
Interest and dividends	20,000	Purchase of Surgical equipment	30,000
		Motor car expenses	15,000
		Medical association membership fees	5,000
		Audit fees	
		Staff welfare expenses	20,000
		Diwali expenses	2,000
		Entertainment expenses	1,000
		Medicines purchased	6,000
		Balance c/f	30,000
			83,000
	3,00,000		3,00,000

## Additional Information:

- A Cash payment of Rs. 5,000 was given to him by a patient in appreciation of his Medical service but was not accounted for in the books of accounts.
- One third of Motor car expenses relate to his personal use. Depreciation on Motor car allowable under the Income Tax Act was Rs. 6,000 for professional use.
- Audit fees include Income-Tax appeal expenses of Rs. 15,000
- Depreciation computed at the prescribed rate on surgical equipment is Rs. 10,000
- Interest and dividend include: Rs.
  - Interest on Bank deposit 4,000
  - Dividends from U.T.I. 4,000
  - Interest on National Deposit Scheme 5,000
  - Dividends from Indian companies 7,000
- His taxable income from house properties was Rs. 5,00,000.  
Compute his net income from profession for assessment year 2024-25.

(or)

18.b. Mrs. Kannan and Mannan received the following dividends from different Indian companies during 2023-24. CO3K3

Particulars	Kannan	Mannan
Dividends from:		
A Ltd	8,00,000	2,50,000
B Ltd	20,00,000	3,50,000
C Ltd	28,00,000	4,00,000
Interest on capital borrowed for earning dividends	21,000	2,50,000
Other Income	2,00,000	8,00,000
Deductions U/S 80C to 80U	2,20,000	1,50,000

Compute the Income from other sources.

19. a. How do you ascertain the tax liability of an individual assessee? CO4K4  
(or)

19.b. Mrs. Saroja furnishes the following particulars of her income for the assessment year 2024-25: CO4K4

	Rs.
Salary from Ashokan Private Ltd., (computed)	50,000
Dividends on TISCO shares (Gross)	1,500
Interest on securities (gross)	7,500
Interest on fixed deposits in SBI	3,200
Profits from agency business	10,000
Loss from speculation in shares	20,000
Profits from speculation in Silver	9,000
Loss from short term Capital assets	5,000
First prize from Kerala State Lottery	1,00,000
Gains from playing Bridge in the club	5,500
Gains from playing Rummy in the office	1,000
Loss in flash (Card game) with friends	7,000
Maharashtra State Lottery tickets bought	10,000
Loss in race course on betting	20,000
Expenditure in maintaining race horse	40,000
Stake money received in respect of the horses	90,000

You are required to compute the Gross Total Income for the relevant assessment year.

20. a. Explain the procedures of compulsory on-line filing of Returns for specified assesses. CO5K3

(or)

20.b. How to file Income Tax Return online? Explain the step by step procedure. CO5K5