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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
VI Semester

Class : III UG
Major : B.Com CA

Time : 3 hours
Max. Marks: 100

21BCCC26 Principles of Taxation

Course Outcomes:

- CO1:Recollect the basic concepts and definition of Income Tax Act.
CO2:Know the incomes exempted from tax.
CO3:Understand the computation of income under various heads as per the provision of Income tax.
CO4:Remember the exemptions, deductions and rebates under income tax rules.
CO4:Apply income tax provisions in set off and carry forward of loss

Part A

10x1=10

Choose the Correct Answer

- Which of the following incomes received by an assessee are exempt under section 10 of the Income Tax Act?
a. Agriculture Income
b. Salary of a partner from a firm
c. Salary received by a member of a ship's crew
d. Pension received by Non-Government employee
CO1 K1
- Under the Income Tax Act, the incidence of taxation depends on _____.
a. the citizenship of the tax payer
b. the age of the tax payer
c. the residential status of the tax payer
d. the nature of income.
CO2 K1
- The maximum amount of leave salary not chargeable to tax as specified by the Government in case of a non- Government employee is _____.
a. ₹75,600
b. ₹77,760
c. ₹2,40,000
d. ₹3,00,000
CO2 K2
- For the purpose of claiming higher deduction u/s 24(b), while computing income of a self-occupied property, assessee is required to take _____.
a. Loan on or before 01-04-1999
b. Loan on or after 01-04-1999
c. Loan after 01-04-1999
d. Loan on 01-04-1999
CO2 K1
- Interest on delayed compensation or enhanced compensation is taxable _____.
a. On accrual basis
b. On receipt basis
c. As per method of accounting of the assessee.
d. Exempt from tax
CO1 K3
- Any payment exceeding _____ if made in cash is disallowed upto 100%.
a. Rs. 10000
b. Rs. 20000
c. Rs. 30000
d. Rs. 25000
CO4 K2
- A Short-term Capital Asset (excluding financial assets) is the one held for not more than _____.
a. 48 months
b. 24 months
c. 36 months
d. 60 months
CO5 K2
- Tax is deducted at source on winning from lottery, the rate for such deduction in case of resident individual deductee is _____.
a. Maximum marginal rate of tax
b. 30.9%
c. 30% if such winning exceeds Rs. 10,000
d. 33.99%
CO1 K3
- Unabsorbed business losses cannot be carried for more than _____.
a. 7 assessment years
b. 8 assessment years
c. 10 assessment years
d. 12 assessment years
CO2 K3
- Loss from Derivative trading is _____.
a. Short-term Capital Loss
b. Speculative business loss
c. Loss u/h 'Income from Other Sources
d. Non-speculative business loss
CO2 K4

Part B

5 x 6 = 30

Answer ALL questions

Each answer should not exceed 400 words or two pages

- a. Mr. Prashant went to Germany for diploma course on 5th August 2022 and came back to India on 25th February, 2023. His family (wife and children) remained in India. He had never been out India before. What is his residential status for the year ending on 31st March, 2023.
CO1 K3

(or)

11. b. Following are the incomes of Salman for the financial year 2022-23.

Particulars	Rs.
Interest on saving bank deposit in Allahabad Bank, Delhi	1,200
Income from agriculture in Africa invested in Nepal	10,000
Dividend received in U.K. from an American Company, a part of which Rs. 2000 remitted to India	10,000
Pension computed received in Belgium for services rendered in India with a Limited Company	20,000

You are required to compute his gross total income for the assessment year 2023 2024 if he is (i) a resident; (ii) Non ordinarily resident or (iii) Non-resident.

CO2 K3

12. a. Mr. Agarwal received Rs. 6,00,000 on his retirement on 30.9.2022 as gratuity from his employer with whom he has served for 29 years and 7 months. Compute the taxable amount in each of the following cases separately if his salary during calendar year 2021 was Rs. 20000 and during 2022 was Rs. 24000 and it is due on 1st of every month. He had worked earlier with a company for 6 years and received Rs. 292000 as gratuity which was fully exempted u/s 10(10). He is working in a commercial office at Delhi (not covered under Gratuity Act, 1972).

CO3 K2

(or)

12.b. Mr. D owns a house at Vijay Nagar and submits the following particulars:

CO1 K3

Particulars	Rs.	Particulars	Rs.
Rent Received	1,75,000	Standard rent	1,60,000
Municipal valuation	1,70,000	Fair Rental Value	1,72,000
Municipal taxes – 12% of municipal rental value + 2% of municipal taxes as Sanitation Surcharge. Compute Net Annual Value			

13.a. Calculate the taxable profit of the assessee for the assessment year 2023-24 from the particulars given below:

CO2 K4

Particulars	Rs.
Profit for the previous year 2022-23 (before charging the following amounts)	2,60,000
Amount given to Punjab University for research in Social Sciences	25,000
Cost of land acquired for constructing research laboratory	1,00,000
Cost of Building and Plant & Machinery required for research	3,50,000
Amount given as salary to staff engaged in research (related to a field not related to assessee's own business) during 2022-23 (Business started on 1-4-2022)	30,000
Salary given to staff engaged in research within the premises during 2022-23	60,000

(or)

13.b. Mention the provisions for the expenditure incurred in the field of Scientific Research?

CO3 K3

14. a. Explain the items chargeable under the income from other sources.

CO2 K3

(or)

14.b. From the following information compute the income from other sources for the assessment year 2023-24:

CO1 K3

Particulars	Rs.
Card games loss	12,000
From the activity of owning and maintaining horses for race purposes	
a. Loss at Bombay	40,000
b. Profit at Bangalore	20,000
Dividend from Indian companies	60,000
Betting in horse races	4,000

15. a. From the following particulars compute the total income of Mr. David for the assessment year 2023-24:

CO1 K3

Particulars	Rs.
Income from house property	(-) 8,000
Short term capital gain on shares	95,000
Long term capital loss on sale of bonds	(-)85,000
Other sources: Interest on securities	18,000
The assessee has unabsorbed depreciation of Rs. 35,000 being brought forward from 2021-22. Assessee had closed the business and all the assets have been disposed of.	

(or)

- 15.b. Explain the deductions u/s 80C under Income Tax Act, 1961.

CO2 K2

Part C

5 x 12 = 60

Answer ALL questions

Each answer should not exceed 800 words or four pages

16. a. What are the provisions for calculating residential status of an individual?

CO1 K3

(or)

16. b. The following are the incomes of Shri Kiran for the previous year 2022-2023.

CO2 K3

Particulars	Rs.
Profit from business in Dharwad	7,000
Income accrued in India but received in Italy	6,000
Profit from business in England received in India	5,000
Income from House property in Africa received in India	4,000
Profit from business established in Iran and deposited in a bank there, the business being controlled from India	3,000
Income from house property in Pakistan and deposited in a bank there	2,000
Past untaxed foreign income brought into India during this previous year	1,000

Compute total income of Shri Kiran for the assessment year 2023-2024 if he is

- a. Ordinary Resident; b. Non-Ordinarily Resident & c. Non-resident.

17. a. Mr. A received the following incomes during the year ending 31.3.2023:

CO2 K4

Particulars	Rs.
i) Salary from his employer at Rs. 36,000 p.m	3,96,000
ii) Leave travel concession for proceeding on leave to home town (Actual expenditure Rs. 51,000)	54,000
iii) Lunch allowance Rs. 1,250 p.m.	13,750
iv) Reimbursement of medical expenses	9,700
V) Mr. A also enjoyed the following other benefits and perks	
a) Free unfurnished flat at Mumbai for which his employer were paying monthly rent of Rs. 10000 p.m.	
b) One free car of 1.3 lt. capacity with driver which was used partly for personal and partly for employment purpose	
c) Mr. A's salaries and allowances (which remained unchanged) for the month of March 2023 were due on 31.3.2023 but were received in April 2023.	

Compute his income under the head salaries for the year ended 31.3.2023.

(or)

- 17.(b) Compute income from house property from the particulars given below for the assessment year 2023-2024.

CO2 K3

Particulars	Rs.
Municipal rental value	24,000 p.a.
Actual rent received	30,000 p.a.
Municipal taxes	2,400 p.a.
Date of completion	31.3.2018
Date of letting	1.4.2018
Ground rent	400 p.a.
Interest on loan taken to construct the house	
2016-17 to 2021-2022	15,000 p.a
2022-23	10,000
Interest on delayed payment of interest	1,000

18. a. The following is the Profit & Loss A/c of Robert on the basis of which compute his gross total income for the assessment year 2023-24:

CO3 K4

Profit & Loss Account			
Particulars	Rs	Particulars	Rs.
To Salaries	25,650	By Gross profit	80,000
To Rent	1,000	By Bank Interest	450
To Commission on Sales	100	By Bad debts recovered (last year allowed)	2,000
To Income Tax	2,600	By Income from house property	4,800
To Entertainment expenses	600	By Interest on commercial securities	2,000
To Commission paid to collect interest on securities	25		
To Embezzlement by cashier	1,000		
To Municipal tax (House)	600		
To Bad debts (allowed)	450		
To Repairs to house	1,625		
To Office expenses	9,180		
To Depreciation	5,000		
To L.I.C. premium	1,320		
To Net profit	40,100		
	89,250		89,250

Allowable depreciation on the Assets is Rs. 4500, Compute the taxable business income for the Assessment year 2023-24.

(or)

- 18.b. Construct the various types of capital assets.

CO2 K4

- 19.a. Explain the aggregation of incomes under income from other sources.

CO2 K4

(or)

- 19.b. Compute income from the other sources from the particulars given below:

CO3 K4

Particulars	Rs.
Interest on deposits with a company	10,000
University remuneration on working as examiner	6,000
Royalty for writing books: He claims to have spent Rs. 20000 on writing these books	60,000
Dividend declared by R. Co. On 1.3.2023 but paid on 1.5.2023	6,000
Interim dividend paid on 1.5.2022	3,000
Stake money on race horse Horses are maintained by him and expenses on maintenance of these horses are	1,50,000
Family pension received	24,000
	36,000

20. a. Total income of Mrs. X for the assessment year 2023-24 is Rs. 11,26,500 which includes long term capital gain of Rs. 7,30,000 and lottery prize of Rs. 1,00,000 (Out of which tax deducted at source is Rs. 30,000. Calculate her tax liability for the Assessment year 2023-24

CO1 K3

(or)

20. b. Mr. Ram, a resident of India, submits the following particulars of his income for the assessment year 2023-24:

CO1 K4

Particulars	Rs.
Income from house let out	9,500
Profit from radio business	19,600
Profit from Electric Business	1,800
Speculation income	1,900
Short-term capital gains	3,200
Long-term capital gains (jewelry)	9,250
Current year's depreciation amounted to Rs. 2500	
The following items have been brought forward from preceding assessment year:	
Loss from cycle business discontinued during (2021-22)	3,900
Loss from electric business	2,700
Loss from radio business	1,900
Unabsorbed depreciation of electric business	1,000
Speculation loss	3,200
Short-term capital loss from the year 2019-20	4,100
Long term capital loss from the year 2020-21	6,450