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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 (now MoE)
Re-accredited with A+ Grade by NAAC. Recognised by UGC Under Section 12B
Coimbatore - 641 043, Tamil Nadu, India

*B.COM
CA*

Continuous Internal Assessment Test I-February 2025
SEMESTER VI

Class : III UG
Major : B.Com(CA)

Time : 2 hrs
Max. Marks : 60

21BCCC26 - Principles of Taxation

Course Outcomes:

- CO 1: Recollect the basic concepts and definitions of Income Tax Act
CO 2: Know the incomes exempted from tax
CO 3: Understand the computation of income under various heads as per the provisions of Income tax.
CO 4: Remember the exemptions, deductions and rebates under income tax rules.
CO 5: Apply income tax provisions in set off and carry forward of loss

Part A

6x1=6

Choose the correct answer

1. Health and Education Cess on tax payable is at **CO1 K2**
a. 4% b. 1% c. 3 d. 5%
2. Incomes which accrued or arise outside India but are received directly into India are taxable in case of: **CO3 K2**
a. Resident only b. Both ordinarily resident and NOR
c. Non-resident d. All the assesses
3. Leave encashment received during service by a Government or Non-Government employee is. **CO2 K3**
a. Fully exempted b. Partially exempted
c. Fully taxable d. Employer has to pay tax on it.
4. For Gratuity under payment of Gratuity Act- **CO2 K3**
a. Salary = Basic pay b. Salary = Basic + Allowances
c. Salary - Basic + Allowances + Bonus d. Salary = Basic + Full DA
5. Standard deduction Income from house property- **CO2 K3**
a. 10 % of NAV b. 120% of NAV
c. 30% of NAV d. 40 % of NAV
6. Salary, bonus, commission or remuneration due to or received by a working partner from the firm is taxable under the head **CO2 K3**
a. Income from salaries b. Other sources
c. Capital Gain d. Professional income

Part B

3 x 6 = 18

Answer the following

Answer should not exceed 200 words or one page

- 7.(a) Explain the incidence of tax liability. **CO1 K3**
(OR)
- 7.(b) Mrs. Mangala, a citizen of India went to England on 2-10-2017 for higher studies for a period of two years. After she came back, she was employed in a Multinational Company in India. The company sent her for 6 months training to Germany on 1-3-2020. She was transferred to the company's Head office in New York on 15-8-2021. However, she left India on 2-10-2021 and reported for duty on 5-10-2021. She visited India during the months of Nov. and Dec. 2022. The company transferred her back to her original post in India and she returned to India on 26-1-2024. Determine her residential status for the Assessment year 2024-2025. **CO2 K2**
- 8(a) Mallik is a finance Manager of a Private sector at Jhansi. The particulars of his salary income are as follows: 1) Salary ₹. 10,000 P.M, 2) D.A. ₹. 3,000 P.M, 3) Entertainment Allowance ₹. 1,200 p.m. 4) Medical allowance ₹ 700 p.m. 5) he had taken interest free loan of ₹. 20,000 to purchase a TV set. 6) House Rent Allowance ₹ 3,500 p.m 7) Rent paid for the house ₹. 4,200 p.m 8) car of 1.3 capacity provided by employer for private and official use. The expenses of car are met by employer. 9) the employer contributes 14% of salary towards RPF. Compute income under the head salary for the A.Y. 2024-25. **CO2 K2**
- (OR)
- 8 (b) Define the term perquisite and how are they treated for income-tax purposes? **CO3 K2**
- 9 (a) Distinguish between statutory provident fund, recognized provident fund and an Unrecognized Provident Fund. **CO4 K2**

(OR)

9 (b) Calculate the ARV from the particulars given below:

CO3 K2

Actual Rent Rs. 7,000 p.m MRV Rs.60,000 p.a
FRV Rs. 66,000 p.m Standard Rent Rs. 69,000 p.a
During the previous year 2023 – 2024 assesses could not realize rent for two months.

Part C

3 x 12 = 36

Answer the following

Answer should not exceed 700 words or four pages

10(a) Jairam a foreign national, furnishes the following particulars of his income relevant to the Assessment year 2024-2025:

Income from property in New York received there Rs. 1, 20, 000.

- * Income from business in Kolkata managed from Singapore Rs. 2,40,000
- * Profit on sales of machinery in California (One-half received in Kolkata) Rs. 90,000
- * Dividend (Gross) received in Thailand from a company registered in India but mainly operating in Thailand Rs. 15,000
- * Income from a house property in Dhaka deposited by the tenant there in a foreign branch of SBI Rs. 36,000
- * Gift in foreign currency Rs. 3,50,000 from a relative (One-Half received in India and the balance used in New York)
- * Income from agriculture in Burma Rs. 45,000 received there. 1/3rd used. While visiting there and 2/3rd remitted later to Kolkata.
- * Income from profession (as a management consultant) in Philippines received there. The profession set up in India Rs. 2,20,000

Compute his total Income, if Jairam is:

- (a) A Resident
- (b) Not Ordinary Resident
- (c) Non – Resident

CO3 K2

(OR)

10 (b) Assesses have been divided into three categories on the basis of their residence. Explain how these categories are defined and how they affect the tax liability of an assessee. CO3 K2

11(a) What deductions are allowed from the annual value in computing taxable income from house property? CO2 K2

(OR)

11 (b) Mr. Seema Patri owns a house property at Cochin. It consists of 3 independent units and information about the property is given below: CO2 K3

Unit – I: Own Residence

Unit – II: Let Out

Unit – III: Own Business

MRV

Rs. 1,20,000 p.a.

FRV

Rs. 1,32,000 p.a

Standard Rent

Rs. 1,08,000 p.a

Rent

Rs. 3,500 p.a

Unrealised Rent

For three months

Repairs

Rs. 10,000

Insurance

Rs. 2,000

Interest on Money borrowed for the construction of property

Rs.96,000

Municipal Taxes

Rs. 14,400

Date of Completion

01.11.2024

12(a) Explain the capital gain which are exempted from tax.

CO3K3

(OR)

12 (b) Mr. John Prepared the following profit & Loss Account of his cloth shop for the year ended 31st March, 2024. Find out his income from business for the A.Y. 2024-2025 (Ignore Alternative Tax Regime under Section 115BAC). CO3K3

Salaries and wages 13,000, Rent Rs.1,600, Household expenses 2,000 Income tax 900, Gifts to relatives 900, Life Insurance Premium 2,100, Audit Fees Rs.400, Bad Debts Reserve 800, Gifts received from relatives Rs. 275, Advertisement Rs.800, Postage expenses Rs.600, Net profit transferred to capital A/c Rs.1,11,500, Fire Insurance Premium, Rs.400, Gross profit Rs.1,34,725.

No. of Copies: 55 Staff in charge: Dr. Kavitha

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