



K23U 2291

Reg. No. :

Name :

V Semester B.Com. Degree (C.B.C.S.S. – O.B.E. – Regular/Supplementary/
Improvement) Examination, November 2023

(2019 – 2021 Admissions)

Core Course

5B08COM : INCOME TAX LAW AND PRACTICE

Time : 3 Hours

Max. Marks : 40

PART – A

Answer any six questions from the following. Each question carries 1 mark. (6×1=6)

1. Define the term assessee.
2. Kamlesh purchased a rented residential house in 1998 for Rs. 2,00,000 which he sold in October, 2022 for Rs. 39,00,000. Fair market value of the house as on 1st April, 2001 was Rs. 3,00,000. He purchased a new house on 31st Dec., 2022 for Rs. 24,00,000. Compute Capital gains.
3. What is sub-letting ?
4. If let out house remains vacant for part of the previous year, how would you treat it in computing the income from house property ?
5. Write two examples of interest incomes that are not subjected to income tax.
6. Who is a specified employee ?
7. Is gratuity taxable in case of government employee ?
8. What is indexing of cost of acquisition ?

P.T.O.



PART – B

Answer **any six** questions from the following. **Each** question carries **3** marks. (6×3=18)

9. Compute Gross Salary from the given information.

- i) Salary at Rs. 14,000 p.m.
- ii) D.A. at Rs. 4,000 p.m. (D.A. enters pay for service benefits).
- iii) CCA at Rs. 800 p.m.
- iv) HRA at Rs. 4,000 p.m.
- v) Commission turnover achieved by him is Rs. 24,000.
- vi) Living in a rented house at Delhi and rent paid is Rs. 6,000 p.m.

10. Mr. X, a bank officer, receives Rs. 26,000 p.m. as salary and Rs. 1,000 p.m. as dearness allowance. He is also getting entertainment allowance of Rs. 800 p.m. He is also getting a bonus equal to 3 months' pay. He resides in a house taken on rent by the bank, whose rent is Rs. 4,000 p.m. Compute his income under the head Salaries for the Assessment Year 2023-24.

11. X is employed in a company and is paid a sum of Rs. 9,00,000 on Voluntary Retirement from Service. The normal age of retirement in the company is 60 years and X, who was 50 at the time of retirement had completed 22 years of service. His monthly salary at the time of retirement was as follows

Basic pay	20,000
Dearness allowance (50% includible for pension)	8,000
H.R.A.	5,000

What is the taxable amount of compensation under the Act ?

12. Mr. Ram owns a house property. Its annual letting value is Rs. 80,000. During the previous year it was let out to a tenant on a monthly rent of Rs. 7,000. He claimed the following expenses :

- i) Municipal taxes paid Rs. 8,000.
- ii) Expenses for the recovery of rent Rs. 600.
- iii) Maintenance allowance paid to the step-mother Rs. 12,000 annually which was a charge on the property according to his father's will.

The house remained vacant for one month during the previous year. Compute the income from house property for the Assessment Year 2023 – 24.



13. One building (which was purchased in 2011) of X Ltd., an industrial undertaking is compulsorily acquired by the Government of Uttar Pradesh. Its W.D.V. on 1-4-2022 was Rs. 3,50,000. The U.P. Government paid Rs.6,00,000 on 25th May, 2022 as compensation. The company purchased another building for the industrial undertaking for 2,00,000 on 20th April, 2023. Compute the amount exempt under section 54D and taxable capital gain for the Assessment Year 2023 – 24.
14. How the value of residential accommodation calculated under the head salaries ?
15. Describe any six items included in the head 'Income from other sources'.
16. Enumerate the expenses which are allowed in computing taxable profits of a business.

PART – C

Answer **any two** questions from the following. Each question carries **8** marks. (2×8=16)

17. How is residence of assessee determined for income tax purpose ? Explain the incidence of residence on tax liability.
18. Shri Pramod Behari is employed in a firm at Mumbai. He is in the grade of Rs. 22,000-500-27,000 since 1st January, 2019. He gets Rs.5,000 p.m. as dearness allowance and Rs. 15,000 as medical allowance. He has been provided with a furnished accommodation by the employer owned by it, of the estimated rental value of Rs. 10,000 p.m. Furniture costing Rs. 60,000 has also been provided by the employer. He has been given a small car, which is used by him for his personal purposes also. The driver's remuneration and all the expenses relating to the car are borne by the employer. He has been provided with the facility of a gardener, a watchman and a servant who are paid by the employer @ Rs. 200 p.m., Rs. 1,000 p.m. and Rs. 600 p.m. respectively.

He contributes 15% of his pay and dearness allowance to the Recognized Provident Fund towards which the employer contributes Rs. 6,000 p.m. Interest amounting to Rs. 19,800 has been credited on the balance of Rs. 2,20,000 standing to the credit of his Provident Fund Account.

Assuming that the salary becomes due on the first day of the next month, compute his salary income for the Assessment Year 2023-24.



19. From the following P&L A/c of a merchant for the year ended 31st March, 2023 compute his taxable profit from Business and House Property.

Profit and Loss Account

	Rs.			Rs.
To Office salary	4,800	By Gross profit		4,35,532
To General expenses	2,550	By Commission		1,205
To Bad debts written-off	2,100	By Discount		751
To Reserve for Bad Debts	3,000	By Sundry receipts		202
To Fire Insurance Premium	450	By Rent of building		52,640
To Advertisement	2,500	By Capital gain		3,000
To Interest on Capital	1,000			
To Interest on Bank Loan	1,550			
To Donations by cheque	3,875			
To Depreciation	1,200			
To Net Profit	4,70,305			
	4,93,330			4,93,330

The amount of depreciation allowable is Rs. 1,000.

