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Reg. No. : .....

Name : .....



**Fifth Semester B.Com. Degree Examination, December 2024**

**First Degree Programme under CBCSS**

**Core Course :**

**CO 1541/CC 1541 : FUNDAMENTALS OF INCOME TAX**

**(2018 Admission Onwards)**

**(Common for Commerce/Commerce with Computer Application)**

Time : 3 Hours

Max. Marks : 80

**SECTION – A**

Answer **all** questions in **one** or **two** sentences. Each question carries **1** mark.

1. What is Assessment Year?
2. What are fringe benefits?
3. What is additional depreciation?
4. What is meant by set-off of losses?
5. What is Fair Rent?
6. What is LTCG?
7. What is Net Annual Value?

**P.T.O.**

8. Define the term 'Profession' as per Income Tax law.
9. What do you mean Previous Year?
10. Define Capital Assets.

**(10 × 1 = 10 Marks)**

### **SECTION – B**

Answer **any eight** questions in not exceeding **one** paragraph each. Each question carries **2** marks.

11. Give the deductions in the computation of Income from House Property.
12. What is the exemption available for HRA?
13. Explain the term person.
14. What do you mean by Unrecognised Provident Fund?
15. What do you mean by Total Income?
16. What is deduction under section 80 D?
17. Give the treatment of Profit in lieu of salary.
18. What is meant by Maximum Marginal Rate?
19. What are different types of rental value?
20. Give any four examples of fully exempted perquisites.
21. What is Income from Business and Professions?
22. What are the Partly Taxable Allowances?

**(8 × 2 = 16 Marks)**

## SECTION – C

Answer any six questions, in not exceeding 120 words each. Each question carries 4 marks.

23. What are the different categories of assessee according to their residential status?
24. Briefly explain the difference between allowance and perquisites.
25. Write any four incomes of other persons' to be included in assessee's income.
26. What are the incomes chargeable under the head 'Income from Other Sources'?
27. Mr. X. left for Japan on 15<sup>th</sup> March 2020 after staying in India for 15 years. He came back on 31<sup>st</sup> August 2022. Determine his residential status for the Assessment Year 2023-24.
28. What type of deductions are allowed from Gross Total Income?
29. Mr. Kiran is a salaried employee. In the month of December 2021, he purchased gold worth Rs.8,40,000 and sold the same in August 2022 for Rs.9,00,000. At the time of sale of gold, he paid brokerage of Rs.10,000. What is the amount of taxable capital gain?
30. Mr. Shankar Lal's income particulars are as under:
  - (a) He took a house on the rent of Rs.1,000 per month and let it out again for Rs.1,600 per month. Besides, he received Rs.5,000 rent from his ownership house.
  - (b) Dividend from an Indian Company Rs.4,000 (Gross)
  - (c) Speculation business profit Rs.6,000 and Rs.500 from cricket gambling.
  - (d) Agricultural income in Sri Lanka Rs.10,000 was not brought in India. Rs.18,000 income from agricultural land situated at Kanpur.
  - (e) Salary as an M.L.A. Rs.30,000 and Daily Allowances Rs.4,000.
  - (f) Share in H.U.F. income Rs.8,500.
  - (g) Dividend received Rs.6,000 from Co-operative Society. Compute Income from Other Sources.

31. Compute Income from other sources of Mr. Anumpan for the AY 2023-24.

Winning from Horse Race – Rs.10,000

Loss in Card Games – Rs.3,000

Winning from Wager – Rs.25,000

Amount received from winnings from lottery (net) Rs.66,500

Winning from T.V. show – Rs.50,000 (Gross)

**(6 × 4 = 24 Marks)**

#### SECTION – D

Answer **any two** questions, in not exceeding **4** pages each. Each question carries **15** marks.

32. Smt. Mohan Rani is an employee of a private college in Delhi. She is in the grade of Rs.27,000-1,200-45,000 since 1<sup>st</sup> January 2021. She gets Rs.15,000 per month in dearness allowance and Rs.200 p.m. as C.C.A. She has been provided with furnished accommodation by the college. The college is not the owner of this house. The rental value of the house is Rs.6,000 per month and furniture costing Rs.24,000 has also been provided by the college. She has been given a small car, which in addition to college work, is used by her for her private purpose also. The driver's remuneration and all the expenses relating to the use of the car are borne by the college.

She has been provided with the facility of a gardener, a watchman and a servant who are paid by the college @ Rs.150 pm., Rs.1,200 pm., and Rs.800 pm respectively.

She contributes 10% of her pay to the Recognised Provident fund, towards which the college contributes @ 8%.

She paid employment tax Rs.500 during the year. Assume the salary is due on the 1<sup>st</sup> day of the next month, determine her taxable income under the head salaries for the assessment year 2023-24.

33. Mr. X has two houses, first whose municipal valuation is Rs.37,500 is kept by him for his own residence and the second, whose municipal valuation is Rs.50,000 has been let out @ Rs.5,000 p.m. Following are the expenses relating to these two houses:

| Particulars  | First House | Second House |
|--|-------------|--------------|
| Municipal Tax  | 6,000       | 10,000       |
| Land Revenue   | 100         | 125          |
| Interest on loan taken for reconstruction of the house | 32,000      | 2,100        |
| Fire Insurance Premium                                 | 450         | 1200         |

Compute Mr. X's income from house property for the Assessment Year 2023-24.

34. From the Profit & Loss Account for the relevant assessment year, compute income from business of Sri Babu Rao.

Profit and Loss Account (For the year ended 31<sup>st</sup> March 2023)

| Particulars                               | Amount<br>Rs.   | Particulars                 | Amount<br>Rs.   |
|---|-----------------|-----------------------------|-----------------|
| To Salaries                               | 88,000          | By Gross Profit             | 3,80,000        |
| To Rent                                   | 42,000          | By Sundry receipts          | 20,000          |
| To General expenses                       | 40,000          | By Dividends                | 40,000          |
| To Advertisement                          | 25,000          | By Commission               | 30,000          |
| To Legal expenses                         | 15,000          | By Bad debts recovered      |                 |
| To Sales Tax                              | 10,000          | (earlier allowed)           | 10,000          |
| To Wealth Tax                             | 20,000          | By Rent of building let out | 44,000          |
| To Telephone expenses                     | 12,000          |                             |                 |
| To Gratuity paid                          | 30,000          |                             |                 |
| To Provision for bad debts                | 10,000          |                             |                 |
| To Advance income-tax                     | 20,000          |                             |                 |
| To Depreciation                           | 38,000          |                             |                 |
| To Office Expenses                        | 12,000          |                             |                 |
| To Municipal taxes of<br>property let-out | 10,000          |                             |                 |
| To Contribution to employee PF            | 6,000           |                             |                 |
| To Net Profit                             | 1,46,000        |                             |                 |
| Total                                     | <u>5,24,000</u> | Total                       | <u>5,24,000</u> |

Other information:

- (a) Legal expenses were found to have been incurred for the registration of a business asset.
  - (b) 50% of the business premises were used for residential purposes.
  - (c) General expenses include a donation of Rs.10,000 towards A.P. Chief Minister's Relief Fund.
  - (d) Advertisement expenses were paid in Cash.
  - (e) Allowable depreciation as per income-tax rules, Rs.46,000.
35. Mr. A, furnishes the following particulars of his incomes for financial year 2022-23. Compute his gross total income for assessment year 2023-24 :
- (a) Dividend on equity shares Rs.600
  - (b) Dividend on preference shares (gross) Rs.3,200.
  - (c) Income from letting on hire of building and machinery under one composite lease Rs.27,000.
  - (d) Interest on Saving Bank Deposit Rs.12,500.
  - (e) Director's sitting fees received Rs.1,200.
  - (f) Ground rent Rs.600.
  - (g) Income from undisclosed source Rs.10,000.
  - (h) Winning from lotteries (net) received Rs.14,000.
- He claims the following deductions.
- (i) Dividend collection charges Rs.20
  - (ii) Allowable depreciation on building and machinery Rs.4,000
  - (iii) Fire insurance on building and machinery Rs.100

(2 × 15 = 30 Marks)