

SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN
(AUTONOMOUS)

(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)

Chromepet, Chennai - 600 044.

B.Com. - END SEMESTER EXAMINATIONS - NOV'2024

SEMESTER - V

24UCOCT5015 - Income Tax Law and Practice - I

Total Duration : 2 Hrs.30 Mins.

Total Marks : 60

Section B

Answer any **SIX** questions ($6 \times 5 = 30$ Marks)

- Describe the key Canons of Taxation as outlined by Adam Smith.
- Mr.Arun had constructed a house property for which he borrowed ₹6,00,000 @ 11% p.a on 01.04.18. The construction was completed on 31st May 2022. It was let out from 1st June 2022. Loan amount was not repaid till date. Calculate the interest on loan to deduct u/s 24 for the PY 2023-24.
- From the following receipts and payment account of Mr.Sakthivel an Advocate, calculate his Income from Profession.

| Receipts | Amount | Payments | Amount |
|----------------------|--------|---------------------------|--------|
| To Balance bid | 5,000 | By Staff salary | 8,000 |
| To Legal fees | 48,000 | By Car expenses | 4,000 |
| To Gift from clients | 12,000 | By Life insurance premium | 2,000 |
| To Interest on FD | 10,000 | By Rent of chamber | 6,000 |
| | | By Books | 4,000 |
| | | By Balance c/d | 51,000 |
| | 75,000 | | 75,000 |

- Elucidate the consequences of Best Judgement Assessment.
- Mr.Rathnam is working in Sun Network Ltd., Chennai. He is paid the following emoluments every month. Compute his Gross Salary.

| Particulars | Amount |
|--|-------------|
| Basic pay | 6,000 p.m |
| Bonus | 30,000 p.a. |
| Dearness allowance (50% enters into retirement benefits) | 4,000 p.m |
| Education allowance for his children | 1,000 p.m |
| Hostel allowance (none of his children is sent to hostel) | 800 p.m |
| C.C.A | 2,500 p.m |
| Entertainment allowance | 1,000 p.m |
| Transport allowance | 1,000 p.m |
| House rent allowance (Actual rent he pays is 6,000 p.m) | 5,000 p.m |

- From the following particulars, compute the Gross Annual Value.

| Particulars | Amount |
|-----------------|---------------|
| MRV | 1,44,000 p.a. |
| FRV | 1,32,000 p.a. |
| SRV | 1,56,000 p.a. |
| Actual rent | 1,80,000 p.a. |
| Unrealised rent | 3 months |

Contd...

7. From the following P & L account of Mr. Illangovan, compute his income from business for the P.Y 2022-2023.

| Particulars | Amount | Particulars | Amount |
|---------------------------------------|----------|--|----------|
| To Opening stock (undervalued by 20%) | 1,20,000 | By Sales | 4,00,000 |
| To Purchases | 2,00,000 | By Closing stock (over valued by 25%) | 90,000 |
| To Wages | 10,000 | By Bad debt recovered (already disallowed) | 25,000 |
| To Salary | 25,000 | | |
| To Commission | 30,000 | | |
| To Advertisement (paid in cash) | 12,000 | | |
| To Bad debts | 6,000 | | |
| To Depreciation | 8,000 | | |
| To Fire insurance on HP | 7,000 | | |
| To Net profit | 97,000 | | |
| | 5,15,000 | | 5,15,000 |

8. Evaluate the merits of E-filing compared to traditional tax filing methods.

Section C

Answer any **THREE** questions ($3 \times 10 = 30$ Marks)

9. Following are the incomes of Arulanandam for the previous year 2023-24.

| Particulars | Amount |
|--|--------|
| Profit from the business in Chennai | 20,000 |
| Income accrued in India but received in Singapore | 4,000 |
| Profit from business in USA but received in India | 5,000 |
| Income from house property in Trichy received in Kolkata | 4,000 |
| Profit from business abroad, controlled from India | 15,000 |
| Income from house property in Srilanka and deposited there | 2,000 |
| Past untaxed income brought into India | 12,000 |

Compute the total income of Arulanadam for the A.Y 2024-25 if he is a) Resident b) Not Ordinarily Resident and c) Non-Resident.

10. Mr. Raja an employee of Public Ltd., Co. working at Theni population 20 Lakhs), furnished the following particulars relating to P.Y 2023-24. Compute the taxable salary.

| Particulars | Amount |
|---|------------|
| Basic pay | 15,000 p.m |
| DA | 3,000 p.m |
| Bonus | 10,000 p.a |
| Commission (2.5% on turnover) | 25,000 p.a |
| E.A | 2,000 p.m |
| Educational allowance for his children 500 p.m. | |
| Transport allowance | 1,000 p.m. |
| He is provided with a big car for both official and personal use | |
| He is provided with a rent-free accommodation, the fair rental value of which is Rs. 6,000 p.m. Cost of furniture provided in that house is Rs. 50,000. | |
| Gas, water and electricity bills issued in the name of the employee, but paid by the employer Rs.8,600 p.a. | |
| Professional tax paid by the employer Rs. 2,000 p.a. | |

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11. Mr.Anbu's three house property details are as follows:

| Particulars | House I | House II | House III |
|-----------------------------|---------|----------|---------------|
| Rent received | 60,000 | 40,000 | - |
| Municipal valuation | 45,000 | 28,000 | 15,000 |
| Standard rent | 40,000 | 30,000 | - |
| Municipal tax | 6,000 | 3,000 | 1,000 |
| Interest on loan against HP | 17,000 | 19,000 | 6,000 |
| Repairs | 4,000 | 2,000 | 500 |
| Purpose of house | Let-out | Let-out | Self-occupied |

Compute the total house property income.

12. Following is the P&L account of Mr.Gokul for the year ending with 31.03.2023

| Particulars | Amount | Particulars | Amount |
|------------------------|----------|-------------------------------------|----------|
| To Salary | 8,000 | By Gross profit | 3,21,000 |
| To Office expenses | 12,000 | By Interest on P.O Savings bank a/c | 9,000 |
| To Rent | 6,000 | By Sundry receipts | 20,000 |
| To Household expenses | 14,000 | By Dividend | 25,000 |
| To Drawings | 20,000 | By Commission | 25,000 |
| To Postage | 4,500 | | |
| To Advertising | 27,500 | | |
| To Sales tax | 26,000 | | |
| To General charges | 14,000 | | |
| To Audit fee | 7,000 | | |
| To Interest on capital | 3,000 | | |
| To Income tax | 19,000 | | |
| To LIC premium | 5,000 | | |
| To Net profit | 2,34,000 | | |
| | 4,00,000 | | 4,00,000 |

Additional Information:

- Advertisement expenditure includes cost of neon sign board Rs.25,000.
- General charges include Rs.4,000 given to Ramakrishna mission as donation.
- Mr.Elavarasu carries out his business from rented premises half of which is used as his residence.
- Sales tax includes Rs.6,000 due on 31.05.2022. But it was paid on 28.09.2022. Due date of filing the returns is 31.08.2022.

Compute income from business for the P.Y 2022-23.

13. Evaluate the various Types of Assessment. Justify your answer with examples.
