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**G. VENKATASWAMY NAIDU COLLEGE (AUTONOMOUS), KOVILPATTI – 628 502.**



**UG DEGREE END SEMESTER EXAMINATIONS - APRIL 2025.**

(For those admitted in June 2021 and later)

**PROGRAMME AND BRANCH: B.COM.**

SEM	CATEGORY	COMPONENT	COURSE CODE	COURSE TITLE
III	PART - III	CORE	U21CO307	INCOME TAX LAW AND PRACTICE

**Date & Session: 26.04.2025/AN**

**Time : 3 hours**

**Maximum: 75 Marks**

Course Outcome	Bloom's K-level	Q. No.	<b>SECTION – A (10 X 1 = 10 Marks)</b> <b>Answer <u>ALL</u> Questions.</b>
CO1	K1	1.	Profits earned from an illegal business are. a) Taxable      b) Tax free      c) Ignored by tax authorities      d) None of these
CO1	K2	2.	Gifts from clients are. a) Professional income      b) Income from other sources c) Non-taxable item      d) None of these
CO2	K1	3.	An Indian company's residential status is that it is always.. a) Resident      b) Non resident      c) Ordinary resident      d) None of these
CO2	K2	4.	Income received in India is taxable in the hands of. a) Resident only      b) Resident and ordinarily resident only c) Non-resident only      d) All the assessee
CO3	K1	5.	It is value which is fixed by the municipal corporation, which the property is located. a) Fair rental value      b) Annual rental value c) Standard rent      d) Municipal rental value
CO3	K2	6.	Income Tax Act currently in force is. a) IT Act 1992      b) IT Act 1944      c) IT Act 1956      d) IT Act 1961
CO4	K1	7.	Income Tax is levied by. a) Direct Tax      b) Indirect Tax      c) Local Tax      d) Wealth Tax
CO4	K2	8.	The Year in which income is equated is called. a) Previous Year      b) Current Year      c) Assessment Year      d) None of the above
CO5	K1	9.	An amount received as fixed capital is a. a) Revenue receipt      b) Capital receipt c) Capital expenditure      d) Revenue expenditure
CO5	K2	10.	Allowances of MP/M.L.A / or M.L.C is. a) Fully exempted      b) Fully Taxable      c) Partly exempted      d) None of these
Course Outcome	Bloom's K-level	Q. No.	<b>SECTION – B (5 X 5 = 25 Marks)</b> <b>Answer <u>ALL</u> Questions choosing either (a) or (b)</b>
CO1	K3	11a.	Shri.Venkatesh, who was born and brought up in India, went to UK for further studies on 1 <sup>st</sup> Feb 2022 and came back to India on 1 <sup>st</sup> Oct 2023. Ascertain his residential status for the Previous Year 2024-2025. <b>(OR)</b>
CO1	K3	11b.	Explain the objectives of taxation.

CO2	K3	12a.	What are the fully taxable allowances under the head salaries? <b>(OR)</b>
CO2	K3	12b.	Mr.X resides in Mumbai, gets Rs.3, 00,000 p.a. as basic salary. D.A forming part of salary for service benefits Rs.40, 000 and 2% commission on turnover achieved by him. (Turnover achieved by him during the relevant period is Rs.3,00,000) He receives Rs.60, 000 as HRA though he pays a rent of Rs.80, 000 p.a. Determine the taxable and exempted portions of house rent allowances.
CO3	K4	13a.	Mr.Rajan submits the following particulars of his business from which you calculate the income from business: Net profit as per Profit and Loss a/c (after charging the following) Rs.1,25,000 a) Sales tax Rs.20,000 and income tax Rs.55,000 b) Bad debts provision Rs.3,000 c) Commission to procure business order Rs.8,000 d) Interest on capital Rs.38,000 e) Depreciation Rs.4,000 (but as per income tax rules Rs.2,000 only) <b>(OR)</b>
CO3	K4	13b.	Describe the difference between income from business and income from profession.
CO4	K4	14a.	Evaluate the difference between Capital Expenditure and Revenue Expenditure.
CO4	K4	14b.	<b>(OR)</b> Enumerate the short notes on i) Assessment year ii) Previous year iii) Assesse iv) Total income v) Gross Total income
CO5	K5	15a.	Mr.Suresh earned the following income during the Previous Year 2024 – 25: i) Income was earned in America and received there but brought in India Rs.80,000. ii) Share of Income from Indian partnership firm Rs. 1,50,000. iii) Income from house property in India received in America (computed) Rs. 62,000. iv) Dividend from Indian company Rs. 10,000 v) Income from Agriculture in USA and Received in India Rs. 10, 000. vi) Profit from business in Bangalore Rs 10,000. vii) Past Untaxed Profits Brought into India Rs. 50, 000
CO5	K5	15b.	Compute the total income of Mr.Suresh when his residential status is, i) Resident ii) Non-Resident iii) Not Ordinarily Resident <b>(OR)</b> Assess the difference between Rent free Accommodation and House rent allowances and its will be calculated?

Course Outcome	Bloom's K-level	Q. No.	<b>SECTION – C (5 X 8 = 40 Marks)</b> <b>Answer <u>ALL</u> Questions choosing either (a) or (b)</b>
CO1	K3	16a.	State the difference between direct taxes and indirect taxes. <b>(OR)</b>
CO1	K3	16b.	Mr.Dinesh earns the following income during the Financial Year 2025-26. 1. Dividend from Indian company Rs.10,000 2. Profit from business in Paris controlled in India Rs.2,00,000 3. Income from H.P in Ceylon received there Rs.40,000 4. Profit earned from business in Trichy Rs.1,00,000 5. Past untaxed income brought to India during the Previous Year Rs.42,000 Compute the total income of Mr.Dinesh when his residential status is, i) Resident ii) Non-Resident iii) Not Ordinarily Resident

CO2	K4	17a.	Evaluate the Procedure relating to computation of Income from business or profession.																																																
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CO2	K4	17b.	<p>Shri Singh a practising as a chartered accountant in Delhi. He deposits all receipts in his bank account and pays all expenses by cheque. Following is the analysis of his bank account for the year ending 31-3-2024. Compute his income from profession:</p> <table><tr><th>Receipts</th><th>Rs</th><th>Payments</th><th>Rs</th></tr><tr><td>Consultation</td><td>4,00,000</td><td>Computer purchased</td><td>50,000</td></tr><tr><td>Audit fees</td><td>90,000</td><td>Stipend to articled clerks</td><td>24,000</td></tr><tr><td>Appellate tribunal appearance</td><td>50,000</td><td>Office expenses</td><td>30,000</td></tr><tr><td>Presents from clients</td><td>20,000</td><td>Office rent</td><td>15,000</td></tr><tr><td>Interest on government securities</td><td>60,000</td><td>Salaries and wages</td><td>18,000</td></tr><tr><td>Rent received from house</td><td>70,000</td><td>Printing and stationary</td><td>5,000</td></tr><tr><td>Loan from client</td><td>1,00,000</td><td>Subscription to C.A institute</td><td>800</td></tr><tr><td>Miscellaneous receipts</td><td>7,000</td><td>Purchase books for professional use (annual publication)</td><td>10,000</td></tr><tr><td></td><td></td><td>Travelling expenses</td><td>12,000</td></tr><tr><td></td><td></td><td>Interest on loan</td><td>15,000</td></tr><tr><td></td><td></td><td>Donation to NDF</td><td>20,000</td></tr></table> <p>Additional information:</p> <p>i) Travelling expenses incurred for profession ii) Computer is purchased on 1-08-2023 and used for office purpose. iii) 50% of books were purchased in August 2023. iv) ½ of travelling expenses are disallowed. v) ½ of the loan from client is used for personal purpose.</p>	Receipts	Rs	Payments	Rs	Consultation	4,00,000	Computer purchased	50,000	Audit fees	90,000	Stipend to articled clerks	24,000	Appellate tribunal appearance	50,000	Office expenses	30,000	Presents from clients	20,000	Office rent	15,000	Interest on government securities	60,000	Salaries and wages	18,000	Rent received from house	70,000	Printing and stationary	5,000	Loan from client	1,00,000	Subscription to C.A institute	800	Miscellaneous receipts	7,000	Purchase books for professional use (annual publication)	10,000			Travelling expenses	12,000			Interest on loan	15,000			Donation to NDF	20,000
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CO3	K4	18a.	How do you determine the Annual value of house property and explain its types.																																																
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CO3	K4	18b.	<p>Mr.Babu own a house property which is let out for residence. He submits the following details to compute Gross Annual Value of the property.</p> <table><tr><th>Particulars</th><th>Amount (Rs)</th></tr><tr><td>Municipal rental value</td><td>1,40,000</td></tr><tr><td>Fair rental value</td><td>1,45,000</td></tr><tr><td>Standard rent under rent control act</td><td>1,42,000</td></tr><tr><td>Annual rent if property is let out throughout the P.Y.</td><td>1,68,000</td></tr><tr><td>Unrealized rent</td><td>14,000</td></tr><tr><td>Loss due to vacancy</td><td>7,000</td></tr></table>	Particulars	Amount (Rs)	Municipal rental value	1,40,000	Fair rental value	1,45,000	Standard rent under rent control act	1,42,000	Annual rent if property is let out throughout the P.Y.	1,68,000	Unrealized rent	14,000	Loss due to vacancy	7,000																																		
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CO4	K5	19b.	List out ANY TEN exempted incomes under Income Tax Act.																		
CO5	K5	20a.	<div>Compute the taxable portion of allowances from the information furnished by Mr.Hariharan for the A.Y. 2025-26.</div> <table><tr><td>Travelling allowances (Expenditure Rs.750 p.m.)</td><td>1,500 p.m.</td></tr><tr><td>Helper allowance (Expenditure Rs.1,350p.m)</td><td>1,200 p.m.</td></tr><tr><td>Tribal area allowance</td><td>2,400 p.m.</td></tr><tr><td>Education allowance (per child) (For 3 children)</td><td>300 p.m.</td></tr><tr><td>Hostel expenditure allowance (per child) (For 3 children)</td><td>2,500 p.m.</td></tr><tr><td>Actual expenditure</td><td>Rs.2,500p.m per child</td></tr><tr><td>Transport allowance (Exp. Rs.15, 000p.m)</td><td>19,000 p.m.</td></tr><tr><td>Conveyance allowance (50% personal)</td><td>1,500 p.m.</td></tr><tr><td>Dog allowance</td><td>1,000 p.m.</td></tr></table> <div>(OR)</div>	Travelling allowances (Expenditure Rs.750 p.m.)	1,500 p.m.	Helper allowance (Expenditure Rs.1,350p.m)	1,200 p.m.	Tribal area allowance	2,400 p.m.	Education allowance (per child) (For 3 children)	300 p.m.	Hostel expenditure allowance (per child) (For 3 children)	2,500 p.m.	Actual expenditure	Rs.2,500p.m per child	Transport allowance (Exp. Rs.15, 000p.m)	19,000 p.m.	Conveyance allowance (50% personal)	1,500 p.m.	Dog allowance	1,000 p.m.
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CO5	K5	20b.	Evaluate the features of computation of tax liability.																		