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BCMCMCN 602

**VI Semester B.Com. Degree Examination, June/July 2024
(NEP-2020) (2023-24 Batch Onwards)
INCOME TAX LAW AND PRACTICE – II**

Time : 2 Hours

Max. Marks : 60

SECTION – A

Answer **any five** of the following :

(2×5=10)

1. Give the meaning of the term business.
2. State the meaning of Long Term Capital Gain.
3. Write a note on tax free commercial securities.
4. What is meant by carry forward of losses ?
5. What is self-assessment under Income Tax Act ?
6. What is meant by E-Filing of Returns ?
7. Mr. Adarsh sells his residential house in Mangaluru on 25th December 2022 for Rs. 40,00,000. Cost of acquisition of the house for him in 1998 was Rs. 2,00,000 and fair market value on 1-4-2001 was Rs. 4,00,000. Compute taxable capital gain for the assessment year 2023-24. CII for 2001-02 is 100 and for 2022-23 – 331.
8. Mr. X, who was in Govt. service died during previous year, family pension received by Mrs. X is Rs. 60,000 p.a. Compute taxable family pension.



SECTION – B

Answer **any four** of the following :

(5×4=20)

9. Mr. Mahendra is a practicing Chartered Accountant at Delhi. He deposits all his receipts into bank and pays all expenses by cheque. Following is his Receipts and Payments Account for P.Y. 2022-23. Compute Professional Income.

Receipts	Rs.	Payments	Rs.
To Consultation fees	1,00,000	By Motor car purchased	1,80,000
To Audit fees	2,00,000	By Motor car expenses	10,200
To Interest on investment	20,000	By Insurance on property	1,600

P.T.O.



To Examiner's fees	2,000	By Office expenses	18,000
To Rent from house property	3,000	By Municipal tax on property	800
		By Personal expenses	5,000
		By Membership fees	500
		By Life insurance premium	13,000
		By Donation to NDF	20,000



Additional information :

- a) 20% of motor car expense is for professional purpose.
- b) Depreciation allowable for motor car is Rs. 27,000.

10. From the following information provided by Mr. Vishruth, compute his taxable capital gains.

- i) Urban land costing Rs. 2,00,000 was acquired in December 2012 was sold for Rs. 10,50,000 in March 2023.
- ii) House hold furniture costing Rs. 25,000 in Feb. 2022 was sold in March 2023 for Rs. 35,000.
- iii) House at Udupi let out for residential purposes was sold by him in July 2022 for Rs. 20,30,000. This house was purchased by him in 1995 for Rs. 80,000. Fair Market Value as on 1-4-2001 was Rs. 5,00,000. Cost of improvement made in 2008-09 Rs. 2,00,000. Selling expenses amounted to Rs. 30,000.
- iv) Motor car (used for professional purpose) was sold on 1-10-2022 for Rs. 42,000. Its written down value on 1-4-2022 was Rs. 38,000. Cost Inflation Index for 2001-02 : 100, 2008-09 : 137, 2012-13 : 200, 2022-23 : 331.

11. Ms. Aadhya submits following particulars of her income for the year ended 31-3-2023. Compute her income from other sources.

- a) Income from sub-letting of house Rs. 5,000 p.a. Rent paid for this house is Rs. 2,000.
- b) Royalty income from publication of articles Rs. 10,000.
- c) Gift from Brother-in-law Rs. 60,000, gift from other person Rs. 55,000.
- d) Winning from lottery Rs. 14,000. Cost of lottery ticket purchased Rs. 3,000.
- e) Investment in Rs. 30,000, 6% tax free central govt. securities.
- f) Investment in Rs. 20,000, 13% less tax commercial securities.
- g) Rs. 36,000, 10% tax free debentures of ABC Ltd.

12. Explain the provisions relating to Set-off of losses.

13. What are the powers of income tax authorities ?

14. Write a note on Section 54F.



- c) Maruthi Van sold on 1-12-2022 for Rs. 90,000 which was purchased by him in January 2022 for Rs. 1,40,000. Its Written Down Value (WDV) on 1-4-2022 was Rs. 1,00,000 (van is used for business).
- d) Residential house purchased in July 1998 for Rs. 50,000. Its fair market value on 1-4-2001 was Rs. 1,00,000. He incurred Rs. 1,00,000 in 2009-10 for constructing a room in upstairs. He sold the house for Rs. 16,00,000 on 1-1-2023. During the year he purchased new residential house for Rs. 3,00,000 and invested Rs. 40,000 in specified bonds. (CII for 2001-02 : 100, 2007-08 : 129, 2009-10 : 148, 2020-21 : 301 and 2022-23 : 331).

Compute capital gain.

17. Mr. Suresh furnishes the following details for the P.Y. 2022-23.

- 1) Income from salary (computed) Rs. 8,00,000.
- 2) Rent from house property Rs. 92,000, municipal tax paid by the tenant Rs. 2,000 and paid by Suresh Rs. 2,000.
- 3) Short term capital gain Rs. 20,000.
- 4) Long term capital gain Rs. 30,000.
- 5) Long term capital loss Rs. 10,000.
- 6) Winning from Lottery (gross) Rs. 50,000.
- 7) Dividend received from Indian Company (Gross) Rs. 10,000.
- 8) Royalty on books Rs. 40,000.
- 9) Interest on Post Office Savings Bank Account Rs. 5,000.
- 10) Examinership remuneration Rs. 6,000.
- 11) Life insurance premium paid Rs. 12,000.
- 12) Contribution to Recognised Provident Fund (RPF) Rs. 8,000.
- 13) Donation to National Defence Fund (NDF) Rs. 14,000.
- 14) Medical insurance premium paid by cheque Rs. 9,000.

Compute tax liability of Mr. Suresh for the A.Y. 2023-24.

18. What is PAN ? Explain the circumstances where PAN is mandatory.

