Reg. No. | | | | | | | | | | | |

BCMCMCN 602

VI Semester B.Com. Degree Examination, June/July 2025
(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 : **(5×2=10)**

1. What is meant by vocation ?
2. What is a capital asset ?
3. What is meant by grossing-up of interest ?
4. Give the meaning of set off of losses.
5. What is meant by self assessment ?
6. Write the meaning of less-tax securities.
7. How do you treat the following items while computing the business income ?
   a) Amortisation of preliminary expenses
   b) Compensation paid to an undesirable employee for the retrenchment of his service.
8. Ms. Vimala sells gold jewellery on 16-01-2024 for ₹ 20,00,000. The jewellery was purchased by her on 16-07-2006 for ₹ 2,44,000. She incurred expenses on sale ₹ 20,000. Compute her taxable capital gains for the Assessment Year 2024 – 25 (CII : 2006 – 07 = 122; and 2023 – 24 = 348)

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SECTION – B

Answer **any four** of the following : **(4×5=20)**

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9. Write a note on PAN.

10. What is Bond Washing Transaction ? Explain.

11. Mr. Bhagwandas is a registered medical practitioner. He keeps his books on cash basis, and his summarized cash account for the year ended 31st March 2024 is as under :

To Balance b/d	1,22,000	By Cost of Medicines	10,000
To Loan from bank for		By Surgical Equipments	8,000
private purposes	3,000	By Motor car	1,20,000
To Sales of Medicines	25,250	By Car expenses	6,000
To Consultation fees	1,55,000	By Salaries	4,600
To Visiting fees	24,000	By Rent of Dispensary	1,600
To Interest on Government		By General Expenses	300
Securities	4,500	By Personal Expenses	1,11,800
		By Life Insurance Premium	3,000
		By Interest on loan from bank	300
		By Insurance of property	200
		By Balance c/d	67,950
	3,33,750		**3,33,750**

Compute his income from profession for the assessment year 2024 – 25 taking into account the following further information :

a) One-third of motor car expenses are in respect of his personal use.

b) Depreciation allowable on the motor car and surgical equipment is @ 15%.

12. From the following information compute tax liability of Mr. Ram for the Assessment Year 2024 – 25 : (Old Tax Regime)

	₹
1) Income from House Property (computed)	80,000
2) Interest on Government securities	10,000
3) LTCG u/s 112	50,000
4) Income from Business	10,55,000
5) Agricultural income	1,00,000
6) Purchased N.S.C. VIII issue	30,000
7) Deposited in PPF	60,000

13. Mr. Irfan owns 2 acres of Agricultural land in an urban area of Madagaon which he sold on 30th November 2023 for ₹ 50,00,000. Other particulars are :

a) Cost of 2 acres of land purchased in 1997 ₹ 3,00,000

b) F.M.V. as on 1-4-2001 ₹ 4,50,000

c) Selling expenses ₹ 50,000

d) He owns one residential house on 30-11-2023

e) Mr. Irfan purchased 2 acres of agricultural land in a rural area for ₹ 10,00,000 on 10-06-2024

f) He purchased a plot to construct a residential building for ₹ 3,00,000 in Karnataka

g) He deposits ₹ 3,00,000 in a scheduled bank in CGAS 1988 on 30-07-2024

Compute the taxable capital gain for the A.Y. 2024 – 25.

CII for 2001 – 02 : 100 and 2023 – 24 : 348

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14. From the following, compute income from other sources.

    1) Winning from lottery (net) ₹ 14,000
    2) Family pension received ₹ 1,20,000
    3) Gift on the occasion of wedding anniversary ₹ 60,000
    4) ₹ 6,000 interest received on tax free Central Govt. Securities
    5) Investment in tax free debentures of AB Ltd. ₹ 1,00,000 which earns an interest @ 9%

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SECTION – C

Answer **any two** of the following : **(2×15=30)**

15. From the following Profit and Loss Account of Smt. Sharadha for the year ended 31st March 2024, compute her taxable income from business for the Assessment Year 2024 – 25.

P & L Account for the year ended 31-3-2024

Rent	24,000	Gross profit	2,28,000
Salary to staff	90,000	Dividends :	
General charges	8,000	Indian company	12,000
Interest to loan to purchase		Foreign company	8,000
machinery	4,000	Rent	36,000
Proprietor's salary	15,000	Profit from smuggling	10,000
Bad debts	1,300	Profit on sale of machinery	5,000
Reserve for bad debts	2,800	Interest on bank deposits	2,000

Reserve for GST	6,000	Discount	1,800
Income tax	12,000	Refund of income tax	4,200
Interest on capital	2,000		
Municipal tax	1,200		
L.I.C. Premium	3,600		
Donation	15,000		
Entertainment expenses	10,000		
Legal charges	8,000		
Net Profit	1,04,100		
	3,07,000		**3,07,000**

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Additional Information :

a) Salary to staff included ₹ 10,000 paid to watchman employed at home.

b) General charges include ₹ 1,000 for distribution of gift on the occasion of her daughter's birthday.

c) The assessee carries on business in rented premises, half of which is used as her residence.

d) Donation included ₹ 8,000 given to trade association to fight against nationalization of the type of business carried on by the assessee. ₹ 7,000 was given to approved educational institution.

e) Depreciation allowed under Income Tax Act, is ₹ 12,000

f) The assessee paid ₹ 30,000 to a seller in cash.

g) Profit on sale on machinery is a short term capital gain.

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16. Mrs. Nalina sold the following assets during the year ending 31st March 2024.

Sl. No.	Particulars	Sale Proceeds ₹
1	Shop purchased during 2006 – 07 for ₹ 3,66,000 (CII 122)	10,50,000
2	Machinery purchased during 2003 – 04 for ₹ 10,50,000 (WDV on 01-04-2023 ₹ 6,00,000)	7,20,000
3	Furniture purchased on 01-05-2022 for ₹ 10,000	13,000
4	Machinery purchased on 01-05-2022 ₹ 1,00,000	1,20,000
5	Agriculture land purchased during 1999-2000 for ₹ 1,00,000 (Fair Market Value on 01-04-2001 was ₹ 2,50,000 (CII for 2001 – 02 – 100))	17,70,000
6	Residential house purchased during 2007 – 08 costing ₹ 3,87,000 (CII 129) was sold on 30-11-2023	19,50,000

On 15-02-2024, she purchased another residential house for ₹ 5,00,000. Compute her taxable capital gain for the Assessment Year 2024-25 assuming cost inflation index for the year 2023 – 24 is 348.

17. Dr. Bijli is a professor of economics and is a resident of India. He submits before you the following incomes for computing his taxable income under the head 'Income from Other Sources' for the Assessment year 2024 – 25.

1) He is the author of text-book for the schools which fetched him a gross royalty of ₹ 45,000. He claims the following deductions from this amount :
   a) Salary to a clerk who collects for him necessary data and goes through the final proof-reading ₹ 24,000.
   b) Telephone expenses of ₹ 1,200 attributed to the publication and sale of his book and other matters in connection with the printing of the new edition of the book.

2) Income from articles which were published in "Economic Times" and "Eastern Economist" ₹ 3,000.

3) He lives in a rented house paying rent ₹ 3,000 p.m. The house is too big for his family. Hence he has sub-let – one-third portion of the house on a rent of ₹ 1,500 p.m.

4) Dr. Bijli received ₹ 250 per lecture delivered at the Christian Institute. During the previous year he delivered 24 Lectures.

5) He is an examiner of a number of Universities. This source gave him a remuneration of ₹ 7,000.

6) His other incomes were :

   i) Winnings from card games and betting ₹ 6,500

   ii) Winnings from game show ₹ 70,000 (Net)

   iii) Received interest on Government of England Bonds ₹ 500

7) Received ₹ 2,000 as dividend from a company in which the public are substantially interested.

8) Interest of ₹ 12,000 received from tax-free Central Govt. Securities.

9) Interest on tax free commercial securities ₹ 15,000.

18. Explain the Powers and Duties of Income Tax Authorities.

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