

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2025  
(Third Semester)

Branch – COMMERCE WITH COMPUTER APPLICATIONS

**INCOME TAX LAW AND PRACTICE**

Time: Three Hours

Maximum: 75 Marks

**SECTION-A (10 Marks)**

Answer ALL questions

ALL questions carry EQUAL marks

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	Which of the following income is agricultural income a. Income from poultry farm b. Rent received from agricultural land c. Dividend from a company engaged in agricultural d. Income from dairy farm	K1	CO1
	2	Embezzlement of cash by a cashier is a. A casual loss      b. A capital loss c. A revenue loss      d. None of the above	K2	CO1
2	3	Inclusive definition of salary is given u/s a. 17(1)                  b. 17(3) c. 17(b)                  d. None of the above	K1	CO2
	4	Which of the following allowance is fully exempted? a. Overtime allowance b. Medical allowance c. HRA d. Allowance paid by UNO	K2	CO2
3	5	Assessee is having stock existing in the business, Valuation of the stock will be at: a. Cost b. Market price c. Cost of MRP whichever is less d. Cost of MRP whichever is high	K1	CO3
	6	If income is from the sale of house property, it will be taxable under the head _____ a. Income from house property b. Income from business or profession c. Income from other sources d. Income from capital gain	K2	CO3
4	7	Income from other sources is also known as _____ head of income a. Residuary                  b. Useless c. Complementary          d. All the above	K1	CO4
	8	Intra head set off is done u/s a. Sec 70                  b. Sec 71 c. Sec 72                  d. Sec 73	K2	CO4
5	9	Deduction u/s 80C is allowed to the maximum of a. 2,00,000      b. 1,50,000 c. 2,50,000      d. 1,00,000	K1	CO5
	10	In the case of HUF, deduction u/s 80C in respect of life insurance premium shall be allowed for a. Any coparcener of the HUF b. Karta of HUF c. Any member of HUF d. None of the above	K2	CO5

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**SECTION - B (35 Marks)**

Answer ALL questions

ALL questions carry EQUAL Marks

(5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO	
1	11.a.	Identify the features of Income.	K3	CO1	
	(OR)				
	11.b.	Mr. Riyas earned the following income during the previous year 2023-24. Ascertain his taxable income assuming that he is a. Resident b. Not ordinarily resident c. Non-resident			
					Rs
		Income from property in England received there			60,000
Past untaxed income brought to India		75,000			
Dividend from Indian company	50,000				
Dividend from foreign company	40,000				
2	12.a.	Compute taxable HRA of Mr. Vijay who is working in Chennai. Basic salary Rs.3,000 pm, HRA Rs.700 pm, Rent paid Rs.400 pm.	K4	CO2	
	(OR)				
	12.b.	Examine the factors determining the Annual value.			
3	13.a.	R & Co. have Rs. 3,60,000 value of opening stock and Rs.4,80,000 value of closing stock. It is valued at 25% above cost. Calculate the amount of over valuation of stocks and its treatment while calculating the income from business.	K3	CO3	
	(OR)				
	13.b.	Mr. Danial had bought a residential house on 01.01.23 for Rs.10,00,000. Further he spent Rs.1,00,000 to repair the house o 10.10.23. He sold the property on 01.02.24 for Rs.15,00,000. He paid a brokerage of Rs.15,000. Compute the capital gain for the p.y.2023-24.			
4	14.a.	Mr. Sethurajan received the following gift during the P.Y. 2023-24. Compute his taxable income from other sources. i. Cousin of Mr. Sethurajan gifted a diamond ring – Rs.75,000 ii. Gift of jewellery from his fiancée – Rs.1,00,000 iii. Received a wrist watch as gift from his friend – Rs.10,000 iv. Received a computer from his employer (Employer bought it for Rs.70,000) v. Received from his friend on the occasion of the marriage of his son – Rs.40,000	K4	CO4	
		(OR)			
	14.b.	Mr. Prasanna has submitted the following information. Compute his gross total income for the P.Y.2023-24. Income from speculative business – 24,000 Loss from speculative business - 10,000 Income from specified business - 15,000 Loss from specified business - 20,000			
5	15.a.	Infer the Powers of Assessing Officer.	K2	CO5	
	(OR)				
	15.b.	Mr. Chandru has furnished the following particulars. Compute his total income for the previous year 2023-24. i. Gross salary - 7,50,000 ii. Income from other sources – 5,00,000 iii. LIC annuity plan premium paid – 50,000			

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**SECTION -C (30 Marks)**

Answer ANY THREE questions

ALL questions carry EQUAL Marks (3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO																																																				
1	16	Examine the Exempted Incomes under the Income Tax Act, 1961 U/s 10.	K4	CO1																																																				
2	17	<p>Mr. Gowthaman is working in a public company at Chennai, has furnished the following particulars of his salary for the P.Y.2023-24. Compute his taxable salary.</p> <ul style="list-style-type: none"><li>i. Basic salary – 8,000 p.m.</li><li>ii. D.A. (75% forming part of salary) – 4,000 p.m.</li><li>iii. Bonus – 6,000 p.m.</li><li>iv. Educational allowance for his children – 600 p.m.</li><li>v. C.C.A – 1,000p.m.</li><li>vi. Medical allowance – 600 p.m.</li><li>vii. Entertainment allowance – 1,000 p.m.</li><li>viii. He is provided with rent free accommodation. The rent paid by the employer for that accommodation is Rs.2,000 p.m. Cost of the furniture is Rs.20,000</li><li>ix. Professional tax paid by Mr. Gowthaman</li><li>x. He contributes 15% of his salary towards RPF. His employer also contributes an equivalent amount. Interest on PF credited @12% is Rs.2,640</li></ul>	K4	CO2																																																				
3	18	<p>The following is the income and expenditure account of Mr. Sadagopan, a lawyer for the year ending on 31.03,2024. You are required to compute his income from profession.</p> <table><tr><th>Expenditure</th><th>Rs</th><th>Income</th><th>Rs</th></tr><tr><td>To gift to daughter</td><td>7,000</td><td>By legal fees</td><td>1,14,000</td></tr><tr><td>To office expense</td><td>8,000</td><td>By present from clients</td><td>20,000</td></tr><tr><td>To law books purchase</td><td>5,000</td><td>By special commission fees</td><td>6,000</td></tr><tr><td>To Telephone expenses</td><td>8,000</td><td>By house rent</td><td>15,000</td></tr><tr><td>To motor car expenses</td><td>3,000</td><td>By interest on bank deposit</td><td>5,000</td></tr><tr><td>To loss on shares sold</td><td>5,000</td><td></td><td></td></tr><tr><td>To rent</td><td>6,000</td><td></td><td></td></tr><tr><td>To Charity</td><td>10,000</td><td></td><td></td></tr><tr><td>To electricity charges</td><td>4,000</td><td></td><td></td></tr><tr><td>To salaries</td><td>24,000</td><td></td><td></td></tr><tr><td>To surplus</td><td>80,000</td><td></td><td></td></tr><tr><td></td><td>1,60,000</td><td></td><td>1,60,000</td></tr></table> <p><b>Additional information:</b></p> <ul style="list-style-type: none"><li>i. One-third of car expenses is for personal use.</li><li>ii. One-fourth of telephone expenses is for personal use.</li><li>iii. Half of rent and electricity charges are for his residence.</li></ul>	Expenditure	Rs	Income	Rs	To gift to daughter	7,000	By legal fees	1,14,000	To office expense	8,000	By present from clients	20,000	To law books purchase	5,000	By special commission fees	6,000	To Telephone expenses	8,000	By house rent	15,000	To motor car expenses	3,000	By interest on bank deposit	5,000	To loss on shares sold	5,000			To rent	6,000			To Charity	10,000			To electricity charges	4,000			To salaries	24,000			To surplus	80,000				1,60,000		1,60,000	K4	CO3
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4	19	<p>From the following details of Mr. Rajivkumar for the previous year 2023-24., ascertain the income from other sources.</p> <p>Directors fees from a company – 12,000</p> <p>Interest on bank deposit – 2,000</p> <p>Income from undisclosed source – 3,000</p> <p>Winning from lotteries (Net of taxes) – 24,000</p> <p>Lectures in seminars – 5,000</p> <p>Interest on Post office saving bank account – 5,000</p> <p>Interest on government securities – 2,700</p> <p>Cash gift Rs.54,000 from friend on the occasion of Shastipatha Poorthi – 54,000</p> <p>F.D and interest accrued assigned in his favour on his daughter's wedding function – 52,000</p>	K4	CO4
5	20	Assume the Powers of CBDT.	K4	CO5

Z-Z-Z

END