

# END TERM EXAMINATION

FOURTH SEMESTER [BCOM(HONS)] MAY-JUNE-2025

Paper Code: BCOM214

Subject: Income Tax Laws

Time: 3 Hours

Maximum Marks: 60

Note: Attempt any five questions including Q.No1 which is compulsory.  
Internal Choice is indicated.

- Q1 Write a short note on: (5x4=20)
- Canons of Taxation
  - Heads of Income
  - Agricultural Income
  - Residential Income
  - Direct Tax
- Q2 Mr. A, an Indian Citizen, is living in Mumbai since 1950, he left for China on July 1, 2018 and comes back on August 7, 2023. Determine his residential status for the assessment year 2024-25. (10)
- OR**
- Q3 Discuss whether the following incomes are taxable or not in India:
- Income from renting a residential house in India to a foreign embassy, with rent payable in a foreign currency outside India.
  - Profit earned from buying goods in India and selling them abroad.
  - Interest on a loan provided to the Indian government, paid to the NRI outside India.
  - Dividend income received from an Indian company by an NRI holding shares in that company.
  - Pension income received by an NRI from a previous employer in India. (10)
- Q4 Mr. X is employed in ABC Ltd. getting basic pay Rs. 60,000 p.m. and dearness allowance Rs. 10,000 p.m. (forming part of salary). Employer has paid bonus Rs. 20,000 during the year. Commission was allowed @ 2% of sales turnover of Rs. 50,00,000. The employer and employee both are contributing Rs. 11,000 (each per month) to the recognised provident fund. During the year interest of Rs. 1,00,000 was credited to the RPF @ 10% p.a. Compute tax liability of Mr. X for A.Y. 2024-25.
- Option 1: Assessee paying tax under normal Tax Regime
  - Option 2 : Assessee paying tax under section 115BAC (10)
- OR**
- Q5 Discuss the deductions available under Section 80C of the Income Tax Act. (10)



P.T.O

P-113

Q6

Mr. Kundan Lal, a trader at Kolkata, submits the P&L as under, for FY 2023-24:

<b>Profit &amp; Loss Account for Year Ended 31st March, 2024</b>			
<b>Particulars</b>	<b>INR</b>	<b>Particulars</b>	<b>INR</b>
To Opening Stock	1,00,000	By Sales	1,25,00,000
To Purchases	1,20,00,000	By Closing Stock	2,00,000
To Gross Profit	6,00,000		
<b>Total</b>	<b>1,27,00,000</b>	<b>Total</b>	<b>1,27,00,000</b>
To Rent, Rates, Taxes	1,08,000	By Gross Profit	6,00,000
To Salaries	1,25,000	By Interest Income	5,000
To Interest on loan	25,000		
To Depreciation	2,25,000		
To Printing & Stationery	25,000		
To Postage & Telegram	1,750		
To Loss on Sale of Shares (Short Term)	12,190		
To General Expenses	17,060		
To Net Profit	66,000		
<b>Total</b>	<b>6,05,000</b>	<b>Total</b>	<b>6,05,000</b>

**Additional Information:**

- Closing Stock & Opening Stock was under-valued by 10%
- Salary includes INR 20,000 paid to a relative which was considered unreasonable
- The whole amount of Printing & Stationery was paid in Cash at one go
- WDV of the Plant & Machinery on 1st April, 2023 was INR 12,00,000. Additions of INR 5,00,000 were made on 1st June 2023 and on 1st Oct 2023, Machinery was sold for INR 12,57,993
- Rent & Rates included GST Liability for Mar' 24, of INR 27,000, duly paid within 7th April 2024

- A general expenses includes donation of INR 12,000 was made to a public charitable trust during the year.

**You are required to:**

- Calculate the Profits / Gains from Business Profession
- Advise whether he should opt for the Presumptive scheme u/s 44AD

You can assume that the entire amount of turnover was received by account payee cheque.

OR

- Q7 Mr. DP, has earned gross salary of Rs. 655000 including HRA of Rs. 45000. He has paid Rs. 15000 p.m. as rent for his residential accommodation. Besides that, he earned Rs. 12000 from saving bank deposit during the year 2023-24 and at the same time he has deposited to Rs. 65000 to PPF. You are required to compute total income and tax payable by DP if (10)

- He opts to pay tax as per regular scheme.
- He pays tax under Section 115BAC.

(10)

P-2/3

Q8 Ram (59 years) and his two brothers (Ramesh (57 years) and Somesh (50 years) are engaged in the family business of cultivation of wheat. Last year they had losses to the extent of Rs. 12,000 but this year, due to the good season the Business earned a Profit of Rs. 2,20,000. The family owns a house property, the municipal valuation of which is Rs. 280000 and the market rent of similar property is Rs. 2,85,000. The standard rent as per the Rent Control Act is Rs. 3,50,000. The family pays Rs. 48,000 for municipal taxes during the previous year out of which Rs. 20,000 pertains to earlier years which could not be paid due to business loss. Interest on capital borrowed for repaying original loan for construction of house Rs. 75,000. Further, the rental income of the property is Rs. 3,10,000. Dividend received from Indian Company X Ltd. Rs. 12,000. Interest received on listed debentures Rs.8,10,000 (net). Compute the total income and Tax liability of the family X (HUF) for the Assessment year 2024-25.

- Option 1: Assessee has opted to pay tax as per the regular scheme.
- Option 2: Assessee is paying tax as per Section 115BAC. (10)

OR

Q9 Mr. X purchased a house on 01.04.2001 for Rs. 2,00,000 and incurred Rs. 3,00,000 on improvement on 01.07.2002 and it was received by his son Mr. Y on 01.07.2011 and Mr. Y incurred Rs. 4,00,000 on improvement on 01.07.2013 and the house was sold by him on 01.07.2023 for Rs. 1,00,00,000. He is entitled to Deduction u/s 80C of Rs. 1,00,000. Compute the tax liability of Mr. Y assuming the assessee has not opted for Section 115BAC. (10)

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