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FIFTH SEMESTER B.COM. (NEP) DEGREE EXAMINATION, JAN./FEB. 2025  
COMMERCE

Income Tax Law and Practice – I (DSC – II)

Time : 2 Hours]

[Max. Marks : 60

- Instructions :** 1) Answer **all** sections according to **internal choice**.  
2) Use of simple calculator is **allowed**.  
3) Q. No. 11 : Case study **compulsory**.  
4) Give working notes **wherever** necessary.

SECTION – A

1. Answer **any five** of the following :

(5×2=10)

- a) What is income ?
- b) i) Income tax is  
1) Direct tax  
2) Indirect tax  
3) Business tax  
4) None of these
- ii) When the Income tax was levied in India for the first time ?  
1) 1961  
2) 1918  
3) 1886  
4) 1860
- c) What do you mean by gratuity ?
- d) State the provisions Sec.24 of I.T. Act.
- e) How do you treat employer's contribution to R.P.F. ?
- f) Expand : a) PAN b) ITO
- g) State four expenses which are disallowed in computing income from business.

SECTION – B

Answer **any four** of the following :

(4×5=20)

2. Vijay left to UK on 15-04-2023 after living in India for 20 years. He returned to India on 01-10-2023.  
Determine his residential status for the A. Y. 2024-25.

3. Mr. Nagaraj of Haveri retired from service from Tata Motors Ltd. His pension is fixed at Rs. 15,000 per month. During the P. Y. 2023-24, he got his 2/3 of monthly pension commuted and received Rs. 6,00,000.  
Compute the exempted and taxable commuted value of pension for the A. Y. 2024-25 if

- a) He receives it with gratuity  
b) He doesn't receive it without gratuity.

[P.T.O.]



4. Mr. Jagadeesh retired from Wipro Ltd. during the P. Y. 2023-24. He received Rs. 17,50,000 as gratuity covered under the Payment of Gratuity Act 1972. He served 25 years and 10 months. His salary immediately preceding his retirement was
- Basic – 90,000  
D.A. – 30,000 (Considered for Retirement Benefit)
- Compute taxable and exempted gratuity for the A. Y. 2024-25.

5. Compute the taxable and exempted HRA from the following cases.

Particulars	'B' of B'lore (Rs.)	D of Delhi (Rs.)
Salary for the year	4,50,000	7,50,000
H.R.A. received for the year	40,000	1,10,000
Actual rent for the year	46,000	1,20,000

6. From the following receipts and payments account, compute income from profession of Dr. Devaraj, for the A. Y. 2024-25.

Receipts	Rs.	Payments	Rs.
To Balance B/d	20,000	By Staff salary	1,00,000
To Consultation fees	2,50,000	By Rent of clinic	60,000
To Visiting fees	1,00,000	By Telephone bills	10,000
To Laboratory fees	20,000	By Drawings	1,60,000
To Dividend from domestic company	20,000	By Donations	40,000
	4,10,000	By Balance c/d	40,000
			4,10,000

### SECTION – C

Question No. 11 is **compulsory** and answer **any two** of the remaining : (3×10=30)

7. Shri Rudrapratap has provided you the details of income earned during the P.Y. 2023-24 ;
- Dividend from TATA Ltd. – Rs. 50,000.
  - Royalty from mining company Rs. 90,000 in Ballari.
  - Rental income from house property in Thailand Rs. 3,00,000 and 1/3 of which received in India.
  - Agricultural income from Nepal – Rs. 1,00,000.
  - Interest on FD in SBI, Davanagere, Rs. 60,000 of which 40,000 spent in USA.



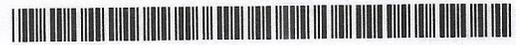
- f) Income from profession in Germany Rs. 2,00,000 and the Head Office is in Mumbai.
- g) Profit on sale of securities in Nestle Ltd. in Japan Rs. 80,000
- h) Income from business in Russia earned in the past, brought into India during the P.Y. Rs. 20,000.

Compute Gross Total Income of Rudrapratap for the A.Y. 2024-25 if he is

- a) OR                      b) NOR                      c) NR

8. Smt. Usha Rani working in a private company in Mumbai provides you the details of his salary income, compute her income from salary for the A.Y. 2024-25.
- a) Basic – 25,000 p.m.
  - b) D. A. – 15,000 p.m. (Rs. 10,000 p.m. enters into retirement benefit)
  - c) CCA – 2,000 p.m.
  - d) Children education allowance for 3 children Rs. 500 each p.m.
  - e) Conveyance allowance Rs. 10,400 (She actually spent Rs. 10,000 for official duties).
  - f) She has been provided a rent free furnished house along with the furniture costing Rs. 1,40,000/-.
  - g) She contributes 14% of salary to RPF and her employer contributes at 15% of salary.
  - h) Interest on the above fund credited at 14% p.a. Rs. 42,000/-.
9. Write short notes on any two of the following :
- a) Allowances.
  - b) Perquisite of motor car.
  - c) Rules for determining residential status of individual.
  - d) Agricultural income.
10. From the following profit and loss A/c of a merchant for the year ending 31-3-2024 and given additional information compute his income from business for the A.Y. 2024-25.

	(Rs.)		(Rs.)
To Salaries to staff	52,000	By Gross profit	1,50,000
To Interest on capital	6,000	By profit on sale of car	40,000
To General expenses	14,000	By Recovery of bad debt	10,000
To Bad debts	2,000	By Interest on Govt. Securities	7,000
To Advertisement	7,400	By Dividends	8,000



To Insurance premium (fire)	2,000	By Gift on birthday	17,400
To Depreciation	11,000		
To R.B.D.	4,000		
To Income tax	14,000		
To Donations	4,000		
To Car expenses	5,000		
To Net profit	1,11,000		
	<b>2,32,400</b>		<b>2,32,400</b>

**Additional information :**

- 1) Salaries include Rs. 24,000 being salary to proprietor.
- 2) General expenses include Rs. 5,000 compensation paid to an accountant who had to be removed from service in the interest of the business.
- 3) Depreciation allowable as per IT rules Rs. 8,000.
- 4) Of the recovery of bad debts the assessing officer had disallowed Rs. 6,000 in the earlier years.

**11. Case Study Compulsory :**

Mr. Naman owns two houses at Bengaluru. The following particulars of these houses for the P.Y. 2023-24 are as under :

	<b>House – I</b>	<b>House – II</b>
1) Municipal value (Rs.)	4,00,000	6,00,000
2) Fair rent (Rs.)	4,80,000	7,20,000
3) Standard rent (Rs.)	3,84,000	5,40,000
4) Municipal taxes paid	10% of m.v.	10% of m.v.
5) Interest for P.Y. (Rs.)	1,20,000	2,40,000
6) Date of completion house	1-1-2019	1-3-2020

Compute his income from house property.

- 1) If Mr. Naman opts House No. I as SOP and House No. II as deemed to be let out.
- 2) If Mr. Naman opts House No. II as SOP and House No. I as deemed to be let out.