

(i) Printed Pages : 7

Roll No.

(ii) Questions : 14

Sub. Code :

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Exam. Code :

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Bachelor of Commerce 5th Semester

(2123)

INCOME TAX LAWS

Paper : BCM-501

Time Allowed : Three Hours]

[Maximum Marks : 80

Note :—Attempt *four* short answer type questions from Section-A. Attempt *two* questions each from Section-B and Section-C respectively.

SECTION—A

- I. How would you determine the residential status of an individual under Income Tax Act 1961 ?
- II. On the basis of the following determine the annual value of the house :
 - (a) Half of the house is self-occupied.
 - (b) Half of the house is let out for Rs. 8000 p.m.
 - (c) Municipal value of the house is Rs. 150,000 on which tax is paid @ 20%.

III. Mr. Anil owns horses at Bombay and Hyderabad. These horses run for races at the race course. During the Year 2022-2023 Mr. Anil submits the following information :

(a) Stake money earned by horses at :

Bombay	Rs. 1,20,000
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Hyderabad	Rs. 5,00,000
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(b) Expenses on race horse at Bombay Rs. 2,60,000

(c) Expenses on race horse at Hyderabad Rs. 4,30,000

(d) Mr. Anil received Rs. 1,05,000 on betting during horse race at Bombay. Compute his taxable income under other sources.

IV. Discuss the incomes which are taxable under Section 56 (1).

V. State whether the following items are allowable while calculating the profits and gains of Business or Profession.

(i) Donation to a political party.

(ii) Commission of Rs., 500 paid in order to secure orders for the business.

(iii) Loss due to embezzlement by an employee.

(iv) Interest paid to wife on money borrowed from her.

(v) Rs. 4000 paid to a labour leader to call off the strike.

VI. Calculate the taxable amount of annual accretion to R.P.F if following Information is provided by assessee :

- (i) Pay @ Rs. 30,000 p.m.
- (ii) Commission received by him on the basis of turnover achieved by him : Rs. 1,50,000.
- (iii) Employer's contribution R.P.F.@13% of Salary.
- (iv) Interest credited during the year to R.P.F. Balance @ 12% is Rs. 70,000. 4×5=20

SECTION—B

VII. Explain any 10 exempted incomes in detail.

VIII. Define agricultural income. How it is treated for income tax purpose ?

IX. The following particulars are of Mr. Rohan's income :

- (a) Salary (after deducting Rs. 28,000 for income tax at source) Rs. 3,80,000 p.a.
- (b) Dearness allowance Rs. 42,000 p.a.
- (c) Education allowance (for 3 children) Rs. 15,700 p.a.
- (d) Medical allowance (actual medical expenses Rs. 15,000) 37,200 p.a.
- (e) Rent free house (in Jaipur) the company paid Rs. 8,000 per month as rent. The house is furnished and the rent of the furniture is Rs. 26,000.

- (f) A domestic servant, a sweeper and a watchman were paid by the company @ Rs. 1250 per month each.
- (g) The company spent Rs. 7,000 on his refresher course.
- (h) Employers contribution to employees Recognised Provident Fund is Rs. 36,000.
- (i) The company has provided a free telephone to Mr. Rohan's residence and paid a bill amounting to Rs. 6,000.
- (j) Professional Tax of Rs. 7,000 paid by Mr. Rohan.

Compute taxable income from salary for the assessment Year 2023-2024.

- X. Mr. Sohan is the owner of a house which consists of 3 independent units. Ground floor which is equal to 40% is self-occupied and 1st floor is equal to 30% and is let out. Second floor which is equal to 30% is also let out. Other information regarding the house are as follows :

	Rs.
Fair Rental value	90,000 p.a.
Municipal valuation	1,00,000 p.a.
Standard Rent	80,000 p.a.
Municipal Taxes	10% of MRV
Repairs expenses	Rs. 10,000 p.a.

	Rs.
Ground Rent	Rs. 5,000 p.a.
Actual Rent Received	
First Floor Unit	Rs. 5,000 p.m.
Second Floor Unit.	Rs. 2,000 p.m.

First Floor unit remained vacant for 2 months. Mr. Sohan started the construction of the house in 2019. He borrowed Rs. 7 lacs @ 10% on 1-7-2019 for the completion of the house and the house was finally completed on 15-07-2021. Mr. Sohan returned loan of Rs. 1,40,000 on 31-03-2022.

Calculate Mr. Sohan's House Property Income for the AY 2023-2024. 2×15=30

SECTION—C

- XI. What do you mean by the Term Depreciation ? What are the rules regarding the claims of deduction of depreciation ?
- XII. Mr. Anil furnishes the following particulars of his income for the previous year 2022-2023 :

	Rs.
(a) Dividend on Equity Shares	10,000
(b) Rent from sub-letting a house	26,250
(c) Rent payable by Mr. Anil for the sub-let	12,000

	Rs.
(d) Other expenses incurred on this sub-let house	1,000
(e) Income from agriculture land in Pakistan	10,000
(f) Interest on income tax refund	1,000
(g) Gift from father	50,000
(h) Income from articles which were published in ‘Economics Times’	3,000
(i) Winning from Horse Race	12,500
(j) Share in H.U.F. income	8,500
(k) Winnings from lottery (Net) received on 1-03-2023	35,000
(l) Interest received on debentures of a co-operative Society	1,000
(m) Interest on Sukanya Samridhi A/c	3,000

Calculate Income under head other sources for the assesment year 2023-2024.

XIII. Mr. Rajiv owns a residential house at Bangalore. From the following information, compute the amount of Capital Gain :

	Rs.
Cost of construction (during 2004-2005)	8,00,000

	Rs.
Cost of additions and improvements (during 2007-2008)	2,20,000
Sale consideration (sold on 10-10-2022)	31,00,000
Expenses on transfer	20,000
Cost of new house purchased in Hyderabad (on 15-01-2023) (House is half finished)	4,00,000
Amount deposited in Capital gain deposit scheme in scheduled Bank	3,00,000

Assume that he actually withdraws Rs. 2,00,000 from capital gain deposit scheme on 12-05-2025 and utilised for the completion of the house.

Cost inflation index for 2004-2005 is 113, for 2007-2008 is 129 and for 2022-2023 is 331.

XIV. Discuss the exemptions regarding capital gains under Income Tax Act 1961. 2×15=30