

BACHELOR'S DEGREE (C.B.C.S) EXAMINATION, NOVEMBER 2024
2022 ADMISSIONS REGULAR
SEMESTER V - OPTIONAL CORE (COMMERCE)
CO5B19AB18 - Income Tax I

Time : 3 Hours

Maximum Marks : 80

Part A

I. Answer any Ten questions. Each question carries 2 marks

(10x2=20)

1. Briefly explain the term capital expenditure.
2. Prepare a note on AY.
3. Expand and explain PY.
4. Discuss how a company will be treated as Resident.
5. Explain the concept of income deemed to be received.
6. Explain the tax treatment of pension and family pension.
7. Explain the tax treatment of VRS.
8. Explain leave encashment.
9. Explain the tax treatment of unrealized rent recovered.
10. Explain Real Rental Value
11. What is Block of Assets?
12. What is terminal depreciation?

Part B

II. Answer any Six questions. Each question carries 5 marks

(6x5=30)

13. Explain the features of income.
14. Income tax is charged on income but there is no definition of the term 'income' under the IT Act; rather it only provides as to what is included in income. Discuss.
15. How will you determine the residential status of a company?
16. Shri. Om Prakash an Indian citizen was born in U.K He came to India, when he was of 12 years of age and went outside India for the first time when he was 25 years of age. He left for U.K in May 2021 and again came back to India in March 2024 What is his residential status for the Assessment year 2024 -25?
17. Describe PF. Explain its different kinds and tax implications.
18. Mr. Shyam is getting a pension of Rs.2,000 p.m. During the year he commuted 2/3 of his pension and received Rs.1,23,000. Compute his taxable commuted pension if he : (i) Received gratuity and (b) Did not receive gratuity (Assume the pension is due on the last day of the same month).
19. Explain the deductions under section 24, under income from house property.
20. Determine the **annual rental value** with the following particulars:
 - Expected Fair Rent—Rs.1,60,000/-
 - Municipal Value —Rs.1,40,000/-
 - Standard rent —Rs.1,60,000/-
 - Actual rent received —Rs.2,20,000/-
 - Local taxes paid by the owner in PY —Rs.60,000/-
21. Explain the expenses to be allowed as deduction under income from business or profession only if actually paid.

Part C

III. Answer any Two questions. Each question carries 15 marks

(2x15=30)

22. Explain any 10 incomes exempted from tax.

23. Mr. K is employed in Airtel as manager in Mumbai. His salary particulars are:

- Basic pay Rs 7,500
- DA Rs 1,200 pm (out of which Rs 600 pm enters for services benefits)
- Lunch allowance Rs 600 pm
- Entertainment allowance Rs 1,500 pm
- Employee's contribution to RPF at 15% of salary
- Employer's contribution to RPF at 15% of salary
- HRA Rs 10,000 pm. He pays rent of Rs 2,000 pm
- He has been provided a small car for both private and official use
- He has paid Rs 2,000 as professional tax

Compute his **taxable salary**.

24. Mr. Shinoy owns two houses. He claims that both the houses are self occupied. The following details are available:

Particulars	House Property I	House Property II
Fair rental value	1,50,000	2,00,000
Municipal rental value	1,60,000	3,50,000
Standard rent	1,80,000	3,00,000
Municipal tax	10%	10%
Land tax	500	1,050
Interest on loan taken for construction of the house	40,000	1,70,000
Repairs to house	60,000	20,000

Compute Income from House Property of Mr. Shinoy.

25. Following is the profit and loss account of Chandran for the year ending.

Particulars	Amount	Particulars	Amount
Salaries	3,30,000	Gross profit	7,50,000
Office expenses	36,000	Bad debts recovered	20,000
Depreciation	28,000	Dividends	12,000
GST	18,000	Rent from House Property	18,000
Legal expenses	16,000		
Income Tax	14,000		
Expense on acquisition of patent	24,000		
Donation in cash	4,000		
Repairs	12,000		
Provision for bad debts	6,000		
General expenses	24,000		
Net profit	2,88,000		

	8,00,000		8,00,000
--	----------	--	----------

Additional information:

- a. Salaries include Rs.12,000 paid to workers employed at home
- b. Legal expenses include Rs.2,000 paid to the lawyer in connection with personal case.
- c. General expenses include Rs.8,000 as contribution to Staff Welfare Fund
- d. Out of bad debts recovered only 10,000 were allowed as deduction earlier.

Calculate the income of Chandran from the business for the Assessment Year.