9. 10% KSEB bonds Rs 20,000
10. Interest Rs 9000 on 10% tax free debenture of a municipal corporation
11. Rs 4000 received interest on debenture of a listed company by account payee cheque.
12. The bank debited Rs 1000 from his account as collection charges of dividend from Indian companies. He collected the interest himself and incurred Rs 1000 as expense. He claims the amounts as deduction from income. Compute the income under the head ' Income from other sources.

22. Mr. Gosh Roy, a resident Indian and an employee of P.Ltd., furnish the following information. Compute his total income .

1. Basic pay Rs.10,000p.m.
2. DA 41% of basic pay
3. Deputation allowance Rs. 300p.m.
4. Lunch allowance Rs.500p.m.
5. Computer allowance Rs.200p.m.
6. He and his employer both contributed 15% of his basic pay and DA to RPF and interest credited to RPF @ 12%p.a. was Rs. 6,000.
7. He is provided with a rent-free furnished accommodation in Kolkata having municipal value of Rs. 36,000 and furnished with furniture costing Rs.25,000.
8. He is provided with a car of 1.6 litres both for official and private purposes. Entire expenses are borne by the employer.
9. He received LTC for a trip to Andaman Rs. 40,000 for his whole family.
10. During the PY he incurred Rs.20,000 for the treatment of AIDS of a dependant relative, but he received only Rs.10,000 from medical insurance policy.
11. He has taken an interest-free loan of Rs. 20,000 from his employer for purchase of a colour television, market rate of interest is @ 10%.
12. He donated Rs. 10,000 by cheque to an Approved Association promoting family planning.

17/10/25

TM253137V

Reg. No :.....

Name :.....

MASTER'S DEGREE (C.S.S) EXAMINATION, OCTOBER 2025

2024 ADMISSIONS REGULAR

SEMESTER III - CORE COURSE

CO3C12TM20 - Income Tax Law and Practice

Time : 3 Hours **Maximum Weight : 30**

Part A

I. Answer any Eight questions. Each question carries 1 weight **(8x1=8)**

1. Define the term " Assessment Year".
2. Can a HUF be not ordinarily resident?
3. Explain the "Entertainment Allowance" and "House Rent Allowance" giving provisions of Income Tax Act, 1961.
4. State the difference between Recognized Provident Fund and Unrecognized Provident Fund.
5. What is Block of assets?
6. Explain the term "capital asset" for tax purposes.
7. List out any four incomes chargeable under other sources.
8. Write a note on the Set-off of losses from one head against income from another head.
9. Describe the various sources from which an individual can earn his income.
10. Explain the deduction under Sec80DDB.

Part B

II. Answer any Six questions. Each question carries 2 weight **(6x2=12)**

11. Following are the particulars of the taxable income of Shri Hari Narayan Arora for the previous year:

    - Royalty received from Govt of India Rs. 24,000/-
    - Income from business earned in Afghanistan, Rs. 25,000/- of which Rs. 15,000 were received in India. Business is controlled from India.
    - Interest received outside India from Shri Adithya Kumar, a non - resident, against a loan provided to him to run a business in India Rs. 5,000/-
    - Royalty received outside India from Shri Al - Afnan, a resident, for technical services provided to run a business outside India Rs. 20,000/-.
    - Income from business in Jaipur Rs. 40,000, this business is controlled from France. Rs. 20,000 were remitted to France.

    Find out the gross total income of Shri Hari Narayan Arora for the current A.Y. If he is:
    a) ordinarily resident of India
    b) not ordinarily resident of India and
    c) non - resident of India in previous year

12. Mr. Rajan retired from service on 31.03.2024 after serving 34 years and 9 months. At the time of retirement his basic salary was Rs. 48,500 per month and D.A Rs 20,000 per month (not forming part of pay). He was also getting commission of Rs. 10,000 per month. At the time of retirement he was paid death cum retirement gratuity Rs. 16,00,000.
    Compute taxable amount of gratuity if Mr. Rajan is:
    (a) covered under the Gratuity Act of 1972;
    (b) Not covered under the Gratuity Act of 1972;
    (c) A Government employee.

13. Find out the value of motor car provided to the employee and it is owned by the employer:

    1. Large car, all expenses are paid by the employer which is Rs. 70,000 and the cost of the car is Rs. 5,50,000. The car is used only for personal purposes.
    2. Small car, all expenses are paid by the employer. The car is used only for official purposes.
    3. Small car, used for both private and official purposes, and all expenses are paid by the employer.
    4. Small car which the employee uses for personal and official purposes. The employee meets the expenses for personal purposes out of his pocket.
    5. Large car, used for both private and official purposes, and all expenses are paid by the employer. The driver is also provided by the employer.

14. Write a short note on incomes exempt or not taxable under the head "Profits and Gains of business or Profession".

15. Mr. Hareesh an Industrialist in Calicut, has the following assets. You are required to compute the depreciation allowance for the year.

Particulars	Amount (Rs.)
1. Building for the residence of the staff	8,50,000
2. Factory Building	25,00,000
3. Cars used for industrial requirements(Purchased in January 2023)	8,00,000
4. Wooden erections, temporary	1,25,000
5. Furniture – Staff quarters Factory(Purchased in December 2022)	40,000 1,20,000
6. Plant and Machinery	12,00,000
7. Computers (Purchased in July 2022)	12,00,000
8. Patent	1,00,000
9. Trade-mark	2,00,000
10. Technical know-how	6,00,000

16. The following information relate to the income of Mr. Nikhil during the year.

Agricultural income from Nicobar island	50,000
Amount received from sub-letting half of his rented residential house(municipal taxes paid for the house Rs 2000)	10,000
Dividend from an Indian company engaged in agricultural activities	11,40,000
Dividend from an Indian company engaged in non agricultural activities	60,000
Dividend from foreign company	2,00,000
Income from consultancy services	1,00,000
Income from a stone quarry in Maharashtra (expenses in connection with stone extration Rs 1,10,000)	1,50,000
Agricultural income from Sri Lanka	1,00,000

Compute taxable income under the head " Income from other source" for the year ended 31st March 2025.

17. What are the provisions of the Income Tax Act regarding the following: a) Cash credits, b) Unexplained money and c) Unexplained expenditure.

18. From the following information compute the total income of Mr. Shyam for the AY: a) Salary received - Rs. 2,45,000 b) Interest - Rs. 15,000 c) Rent from a building @10,000p.m., House tax paid Rs. 24,000 d) Interest on loan taken for the construction of the house Rs. 70,000.

Part C

III. Answer any Two questions. Each question carries 5 weight **(2x5=10)**

19. Compute income from salary of Mr. Mughan :

    - Salary - Rs. 27,500 p.m.
    - DA - Rs. 16,500 p.m.
    - A small car has been provided for both personal and official purposes.
    - An Unfurnished rent-free house in Delhi is given to him. The house was owned by the employer, the fair value of it is Rs. 35,000.
    - His contribution to RPF is 15% of salary and the employer is also contributing the same amount.
    - Interest credited to RPF is Rs. 5,600 which is 14%.
    - He is provided with free meals for 250 days costing Rs. 50 per meal.
    - Professional tax paid by the employee amounts to Rs. 1,000.

20. The following is the P&L a/c of Mr. X for the year ended on 31st March. Compute his taxable income from business for that year:

Particulars	**Amount (Rs.)**	**Particulars**	**Amount (Rs.)**
To Opening Stock	15,000	By Sales	2,80,000
To Purchases	1,40,000	By Closing Stock	20,000
To Wages	20,000	By Gift from father	10,000
To Rent	46,000	By Sale of car	17,000
To Repairs of car	3,000	By Income tax refund	3,000
To Medical expenses	3,000		
To General expenses	10,000		
To Depreciation of car	4,000		
To Profit for the year	89,000		
Total	3,30,000	Total	3,30,000

Following further information is given below:

1. Mr. X carries on his business from rented premises, half of which is used as his residence.
2. Mr. X bought a car during the year for Rs. 20,000. He charged 20% depreciation on the value of the car. The car was sold during the year for Rs. 17,000. The use of the car was 3/4th for business and 1/4th for personal use.
3. Medical expenses were incurred during the sickness of Mr. X for his treatment.
4. Wages include Rs. 250 p.m. on account of Mr. X's driver for 10 months.

21. Mr Ramkumar gives the following particulars of his investments and income for the previous year ended 31st March.

    1. Dividend received from US company Rs 60,000 (after TDS in New York Rs 10,000)
    2. Dividend from an Indian company engaged in agricultural activities Rs 20,00,000
    3. Dividend from an Indian company engaged in non agricultural activities Rs 10,000
    4. Rs 40,000 units of Mutual Fund (income received Rs 8000)
    5. Rs 50,000 in Post office savings bank account which earns interest 5% p.a
    6. Rs 50,000 in Fixed Deposit Account with a scheduled bank @ 8%.
    7. 10% Rs 25,000 debentures (listed) of a domestic company
    8. Rs 5000 dividend received from a co-operative society