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(ii) Questions : 14 Sub. Code :

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Bachelor of Commerce 5th Semester
(2124)

INCOME TAX LAWS

Paper : BCM-501

Time Allowed : Three Hours] [Maximum Marks : 80

Note :—Attempt any **FOUR** short answer type questions from Section-A. Attempt **TWO** questions each from Sections-B and C respectively.

SECTION—A

1. How the value of Rent-free House is calculated under the head "Salaries" ?
2. Explain the meaning of 'Business & Profession'.
3. Compute the tax liability of Mr. Amit who is 65 years old. His net Agriculture income is Rs. 70,000 and non-agriculture income is Rs. 3,30,000 for the A.Y. 2024-2025 under new tax regime.
4. State, giving brief reasons, whether the following items are allowable while computing profits and gains of business or profession :

- (i) Purchased goods worth Rs. 14000 and payment is made in cash.
 - (ii) Purchased agriculture produce from a cultivator and paid him Rs. 20,000 in cash.
 - (iii) Paid freight charges of Rs. 20,000 in cash to railway.
 - (iv) Bonus to partner for extra services.
 - (v) Donation to a political party.
5. Mr. Rahul, a foreign national came to India for the first time on 10 June 2018. During the financial years 2018-19, 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24, he stays in India for 110 days, 125 days, 20 days, 191 days, 120 days and 84 days respectively. Determine his residential status for the assessment year 2024-25.
6. A 'block of assets' consists of 4 machines. W.D.V of all machines on 1-04-2023 is Rs. 1,90,000. Rate of depreciation is 15%. A new machine costing Rs 1,50,000 was acquired in March 2023 but actually put into use only on 1-10-2023. Two old machines are also sold for Rs. 2,80,000 in December 2023. Determine the amount of depreciation for the assessment year 2024-2025 under old tax regime. 4×5=20

SECTION—B

7. What are the different categories into which the assesseees are divided with regard to residence ? Give a brief account of each of them.

8. What do you mean by capital receipts and revenue receipts ? Discuss important rules regarding the distinction between capital and revenue receipts.
9. Mr. Aditya is the owner of a big house consisting of two equal units. One unit is self-occupied by Mr, Aditya and his family and other unit is let out at Rs. 10,000 per month. Mr. Aditya completed the construction of the house on 1-4-2023. The municipal value of the house is Rs. 2,20,000 p.a. on which municipality levies 10% tax and 2% of tax is surcharge. A loan of Rs. 6,00,000 was taken on 1-11-2020 @ 9% p.a. Compute the income from house property for the Assessment year 2024-2025.
10. Mr. Rohan an employee of Jamshedpur [population 15 Lakhs(2001) and 30 Lakhs(2011)] based company gives the following particulars of his salary income :
- | | |
|-----------------------------|----------------------|
| (a) Basic salary | Rs. 15,000 per month |
| (b) Profit bonus | Rs. 10,000 p.m. |
| (c) Entertainment allowance | Rs. 24,000 |
| (d) Commission | Rs. 40,000 |
| (e) Club facility | Rs. 8,000 |
| (f) Transport allowance | Rs. 1,600 p.m. |

- (g) A car (1.6 lt. capacity) is provided by employer. All expenses are borne by the employer. Car is used for both personal and employment purpose.
- (h) Rent free accommodation provided by employer. Rent paid by employer Rs. 6,000 p.m.
- (i) Free education facility for three children of the employee Rs. 22,500 (paid by employer).
- (j) Gas and Electricity bill issued in the name of the employee but paid by the employer Rs. 16,000.

Compute the taxable salary under new Tax regime of Mr. Rohan for the assessment year 2024-25. $2 \times 15 = 30$

SECTION—C

- 11. Discuss the Head "Income from other sources". Enumerate the items of deductions allowed in computing income from other sources.
- 12. Define Capital Gain. Explain different capital gain exemptions under Section 54 to Section 54 G.
- 13. From the following Profit and Loss A/c for the year ending on 31-3-2024, compute Business Income of Mr. Anshu for the assessment year 2024-2025 :

Profit & Loss Account

	Rs.		Rs.
Salary to Staff	5,80,000	Gross Profit	25,35,600
Advertisement exps. paid in cash	26,000	Sundry receipts	24,000
Office expenses	1,06,000	Custom duty recovered (not allowed as deduction earlier)	12,000
Rent	84,000	Interest on Bank Deposits	1,08,000
Legal expenses for filing income tax appeal	16,000	Profit on sale of import licence	65,000
Bad debts	42,000	Gift from father	18,000
Depreciation	2,10,000	Profit on sale of shares	80,000
Reserve for bad & doubtful debts	18,000	Bad debts recovered	16,000
Interest on bank loans	78,000		
Donation to a political party	10,000		
Commission	22,000		
Interest on own capital	14,000		
Household expenses	36,000		

Repairs	15,000	
GST	36,000	
GST penalty	12,000	
Entertainment Expenses	20,000	
Extension of Business Premises	2,00,000	
Net Profit	13,33,600	
	28,58,600	28,58,600

Other additional informations are :

- (1) Salary to staff includes salary paid to relative employee which is unreasonable upto Rs. 10,000.
- (2) Office expenses include a payment of Rs. 16,000 given to notified university for carrying on research.
- (3) Salary to staff includes a payment of Pension of Rs. 8,400 to a widow of a former employee.
- (4) Office expenses include a gift of Rs. 2,000 given to a sales tax officer at Diwali.
- (5) Depreciation includes depreciation of personal car of manager Rs. 24,000.
- (6) Entertainment expenses include expenses incurred in a five-star hotel for entertaining a customer.
- (7) Interest on Bank loan includes interest on loan taken to buy a personal car.

14. Mr. Gopal owns a residential house at Hyderabad. From the following information compute the amount of capital gain :

	Rs.
Cost of construction (during 2004-2005)	6,50,000
Cost of additions and improvements during (2007-2008)	2,00,000
Sale consideration (sale made on 9.10.2023)	34,00,000
Stamp duty value	36,00,000
Expenses on transfer	18,000
Cost of new house purchased in Bangalore (15.1.2024) (House is half completed)	4,00,000

Amount deposited in capital gain deposit scheme in SBI on 25-07-2024 Rs. 3,00,000.

An amount of Rs. 2,10,000 withdrawn from capital gain deposit scheme on 12th May 2026 and utilised for completion of the house.

Cost inflation index for 2004-2005 is 113, for 2007-2008 is 129 and for 2023-2024 is 348.

$$2 \times 15 = 30$$