

CH-31

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(ii) Questions : 14 Sub. Code :

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Exam. Code :

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Bachelor of Commerce 5th Semester

(2125)

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 Sections B and C respectively.

SECTION—A

1. Write the importance of Form 16 for a salaried employee while filing Income Tax Return.
2. How is Agricultural income treated for Income Tax purposes?
3. Show how the following incomes are to be assessed in the hands of an assessee who is (a) Resident (b) Non-Resident and (c) Not Ordinarily Resident:
 - (i) Salary drawn during the year for employment outside India from the Government of India Rs. 91,000.
 - (ii) Profit earned abroad and received in India Rs. 22,000.
 - (iii) Dividend received from an Indian company Rs. 6,000.

(iv) Profit on sale of plant at foreign country (One half is received in India) Rs. 1,30,000.

(v) Share of profit from Indian Partnership firm Rs. 1,20,000.

4. Mr. Pandit, a manager, was transferred to Hyderabad where he stayed in a hotel free of rent. His salary particulars are:

Salary (p.m.) Rs.24,000

D.A. (p.m.) Rs.6,000

Conveyance allowance (p.m.) Rs.1,000

Actual expenditure incurred for employment (p.m.) Rs.700

City compensatory allowance (p.m.) Rs.1,000

Calculate the value of rent-free accommodation under the old Tax Regime for the Assessment year 2025-2026, if he stayed in a hotel for:

(a) 12 days and actual bill is Rs. 8,000

(b) 38 days and actual bill is Rs. 32,000.

5. Mr. Dixit purchased a residential house during the previous year 2001-02 (C.I.I. = 100) for Rs. 42 lakh and sold it for Rs. 2 crores during the previous year 2024-2025 on 15th April 2024 (C.I.I. = 363). He purchased two houses worth Rs. 22 lakh each on 22 February 2025.

Calculate taxable capital gain U/S 54 for the assessment year 2025-26.

6. From the following information compute income from other sources for the Assessment Year 2025-2026:

- (a) Winning from lottery Rs. 1,00,000
- (b) Amount received from race winnings Rs. 35,000
- (c) Family pension Rs. 60,000
- (d) Gift received:
 - (i) Received Rs. 30,000 as gift from his friend
 - (ii) Received Rs. 80,000 as gift from his N.R.I friend
 - (iii) Received Rs. 80,000 as a gift from his father.
- (e) Undisclosed income Rs. 2,00,000 4×5=20

SECTION—B

7. Write short notes on:

- (i) House Rent Allowance
- (ii) Gratuity
- (iii) Total Income 15

8. (a) Explain the different categories of assesses according to their residential status.

- (b) Enumerate any seven items of income which do not form part of total income as per section 10 of the Income Tax Act 1961. 8,7

9. From the following particulars given below, compute salary income of Mr. Vivek under New Tax Regime for the Assessment Year 2025-2026:

Salary @ Rs. 50,000 p.m.	Rs.6,00,000 ,
D.A.as per terms of employment Rs.4,000 p.m.	Rs.48,000
Bonus equal to one month's salary	Rs.50,000
Entertainment allowance @ Rs.5,000 p.m.	Rs.60,000
Free gas and water supply	Rs.7,000

He is provided with rent-free accommodation at Patna owned by the employer, the F.R.V of which is Rs. 10,000 p.m. (population of Patna 35 lakhs as per 2011 census). He is provided with the facility of 18 cc car which he uses both for private and official purposes. He has engaged a domestic servant @ Rs. 1,400 p.m. and his salary is being paid by his employer. He is provided with the facility of a free lunch in the office during lunch break valued at Rs. 100 per day for 260 days in the previous year. The employer is maintaining a holiday home at Solan and employee stayed there for 10 days free of cost, which cost to the employer Rs. 10,000.

Medical Allowance @ Rs. 1,250 p.m.

Children education allowance for 3 children @ Rs. 500 p.m. each

During the year he paid Professional Tax @ Rs. 200 p.m.

Employer and employee both are contributing @ 14% in employees recognized provident fund. 15

10. (a) Mr. Manthan retires on 1st July 2024 after 18 years of service and receives Rs. 60,000 as amount of Leave encashment for 15 months. His employer allows 45 days leave for every one year of service. During service he has already encashed leave for 12 months. Calculate the taxable amount of leave encashment if his salary during 1-7-2023 to 1-7-2024 was Rs. 4,800 p.m.

- (b) Compute income from house property from the particulars given below for the assessment year 2025-2026:

Municipal rental value	Rs. 26,000 p.a.
Actual rent received	Rs. 32,000 p.a.
Municipal taxes	Rs. 2,400 p.a.
Date of completion:	31/3/2021
Date of letting:	1/4/2021
Fire insurance premium (due)	Rs. 400 p.a.
Ground rent (due)	Rs. 600 p.a.
Interest on loan taken to construct the house: 2018-2019 to 2023-2024@	Rs. 15,000 p.a.
2024-2025	Rs. 10,000
Interest on delayed payment of interest	Rs. 1,000
	7,8

SECTION—C

11. (a) How is the expenditure on Scientific Research treated while calculating taxable business profit?
- (b) Discuss different kinds of incomes chargeable to Tax under the head "Income from Other Sources". 7,8
12. Elaborate on the following with regard to Capital gains:
- (a) Capital gains exempted U/S 10
- (b) Capital Gains exempted U/S 54 15
13. From the following Profit and Loss A/c for the year ending on 31-3-2025, compute Business Income of Mr. Rohan for the Assessment Year 2025-2026 under old Tax Regime:

Profit & Loss Account

	Rs		Rs
Salary to Staff	5,40,000	Gross Profit	18,00,000
Advertisement expenses paid in cash	28,000	Sundry receipts	26,000
Office expenses	1,05,000	Profit on sale of shares	60,000
Rent and Repairs	74,000	Interest on Bank Deposits	1,08,000
Legal expenses for filing income tax appeal	16,000	Profit on sale of import licence	75,000
Bad debts	32,000	Gift from father	28,000
Depreciation	2,10,000		
Reserve for bad & doubtful debts	18,000		
Interest on bank loans	78,000		
Donation to a political party	10,000		
Commission	22,000		
Extension of Business Premises	1,80,000		
Household expenses	36,000		
Income-Tax	15,000		
GST	36,000		
Net Profit	6,97,000		
	20,97,000		20,97,000

Other additional information:

1. Salary to staff includes a payment of Rs. 22,000 given to his son for helping in business casually.
 2. Office expenses include a payment of Rs. 18,000 given to a notified university for carrying on research.
 3. Rent and repairs include Rs. 30,000 paid by cheque towards rent for his residential house.
 4. Office expenses include a gift of Rs. 4,000 given to a sales tax officer on Diwali.
 5. Depreciation includes depreciation of personal car of manager Rs. 24,000.
 6. A sum of Rs. 6,000 being cost of a small machine has also been included in office expenses.
 7. Income accrued during the year but not credited to P & L A/c Rs. 20,000. 15
14. (a) M/S H Industries furnishes the following information:
Block 1: Plant and machinery (consisting of 10 machines, Rate of Depreciation 15%)
WDV Rs. 7,60,000 on 1-4-2024
- | | | |
|------------------------|----------------|--------------|
| Acquired on 15-08-2024 | 9 machines for | Rs. 7,00,000 |
| Sold on 17-11-2024 | 5 machines for | Rs. 4,80,000 |
| Acquired on 18-02-2025 | 6 machines for | Rs. 4,00,000 |
- Block 2: Buildings (consisting of 4 buildings, Rate of depreciation 10%)
WDV Rs. 40,50,000 on 1-4-2024
- One of the buildings was sold for Rs. 13,00,000 and another building was renovated at a capital expenditure of Rs. 3,80,000
- Compute depreciation claim for the assessment year 2025-2026 under old tax regime.

- (b) From the following particulars, compute Tax Liability of Mr. Himang (Age 40 years) for Assessment year 2025-2026 under Old Tax Regime:

Long term capital gain covered U/S 112A (transfer made on 15-11-2024) Rs. 4,00,000

Other income Rs. 2,50,000

Total Income = Rs.4,00,000 + Rs.2,50,000 = Rs.6,50,000

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