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**Presidency University**

**Bengaluru**

**SCHOOL OF COMMERCE**

**Make-Up Examinations July 2024**

**Semester**: III

**Course Code**: COM2015

**Course Name**: INCOME TAX

**Program & Sem**: BCOM

**Date**: 02 JULY 2024

**Time**: 09:30AM-12:30PM

**Max Marks**: 100

**Weightage**:50%

**Instructions:**

1. *Read the all questions carefully and answer accordingly.*
2. *Question paper consists of three parts.*
3. *Scientific and Non Programable Calculators are Permitted.*
4. *Do not write any information on the question paper other than roll number.*

**Part A**

**Answer any FIVE questions (5Qx 2M=10M)**

1. Identify the difference between direct and indirect taxes. (CO1) [Understanding]

2. Describe the meaning of Assessment Year and Previous Year. (CO1) [Understanding]

3. Identify the provisions for fulfilment of an individual to be resident in India. (CO2) [Understanding]

4. List out the different heads of income as per Income Tax Act, 1961. (CO1) [Understanding]

5. Explain the meaning of Agricultural Income. (CO3) [Understanding]

6. List of four partly taxable allowance as per Income Tax Act, 1961. (CO4) [Remember]

7. Examine whether rent of ₹50,000 received from letting out agricultural land for a movie shooting is chargeable to tax. (CO3) [Remember]

**Part B**

**Answer any FIVE Questions. (5Qx 10 M=50M)**

1. Define Salary under section 17(1) of Income Tax Act, 1961. Also explain the deductions under section 16. (CO3) [Application]
2. What do you understand by Provident Fund? Discuss the tax treatment for different types of provident fund under Income Tax Act, 1961. (CO4) [Understanding]
3. What is Gross Annual Value of a House Property? Illustrate the procedure for calculation of GAV of a house property using a hypothetical case. (CO5) [Understanding]
4. Define person as per Section 2(7) of Income Tax Act, 1961. How is an Association of Persons (AOP) different from a Body of Individuals (BOI)? Discuss. (CO1) [Understanding]
5. Miss Stuti has the following salary structure:

a) Basic Salary ₹ 50,000 p.m.

b) Entertainment Allowance ₹10,000 p.m.

c) Education Allowance ₹100 p.m. (She has three children)

d) DA ₹30,000 p.m.

e) Fees ₹50,000 p.a.

f) Bonus ₹1,00,000 p.a.

g) Professional tax of employee paid by employer ₹2,000 for the year

h) He has been provided a rent-free accommodation in Mumbai.

i) 60% of DA only forms part of retirement benefits

Compute taxable value of accommodation in the hands of Mr. Chauhan in the following cases:

1. The employer owns such accommodation.
2. The employer hires such accommodation at a monthly rent of ₹9,000.

 (CO4) [Remember]

1. Find out the gross annual value in the following cases for the A.Y. 2024-25:

|  |  |  |
| --- | --- | --- |
| **Particulars** | **H1 (**₹) | **H2 (**₹) |
| Municipal Value p.a. | 120,000 | 1,20,000 |
| Fair Rent p.a. | 1,40,000 | 1,40,000 |
| Standard Rent under Rent Control Act p.a. | 1,60,000 | 1,00,000 |
| Actual Rent p.a.From April1, 2023 to July31, 2023 | 10,000 | 12,000 |
| From Oct 1, 2023 to February, 2024 | 18,000 | 17,000 |
| For the remaining period the property was vacant. |

 (CO5) [Application]

14. Define person as per Section 2(7) of Income Tax Act, 1961. How is an Association of Persons (AOP) different from a Body of Individuals (BOI)? Discuss. (CO1) [Application]

**Part C**

**Answer any TWO Questions. (2 Qx 20 M=40M)**

15. “Gross total income is the aggregate of income under all the five heads of income after adjusting the set-off & carry forward of losses” Elucidate the statement highlighting the five heads of income under section 14 of Income Tax Act, 1961.

16. Mr. Rakesh owns two house properties both of which are let out. Compute his income from house property:

|  |  |  |
| --- | --- | --- |
| Particulars | House 1 (₹) | House 2 (₹) |
| Situated at | Kolkata | Pune |
| Gross Municipal Value | 1,00,000 | 2,00,000 |
| Fair Rent | 95,000 | 2,10,000 |
| Standard Rent | 90,000 | 2,00,000 |
| Actual Rent Receivable | 1,00,000 | 1,80,000 |
| Unrealized Rent for current Year | 8,000 | 2,000 |
| Municipal Tax | 10% | 1,000 |
| Fire Insurance | 2,000 | 1,200 |
| Repairs | NIL | 2,000 |
| Interest on loan for construction | 10,000 | NIL |

Other information:

1. Loan taken for construction is still unpaid.
2. Municipal Tax of House at Kolkata is still unpaid, that of the house at Pune is half paid by tenant. (CO5 [Application]

16. Mr. Arun Kumar is an employee of Infosys in Mumbai. He receives the following emoluments:

Basic Salary ₹1,00,000 p.m.

Dearness Allowance ₹20,000 pm

House Rent Allowance ₹15,000 per month where he pays ₹13,000 as rent.

Employers’ contribution to RPF @ 15% of basic salary

Children education allowance ₹1,000 p.m. (He has two children)

Insurance premium paid by the employer ₹30,000 during the year

Mr Arun Kumar has a house property in Bengaluru whose gross annual value is ₹4,00,000. The municipal tax on the house is ₹10,000 which is unpaid.

Compute the total income of Mr. Arun Kumar for the AY 2024-25.

 (CO4) [Application]