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PRESIDENCY UNIVERSITY BENGALURU

**SET A**

SCHOOL OF COMMERCE

**END TERM EXAMINATION – MAY / JUNE 2024**

**Semester :** Semester IV - 2022

**Course Code :** COM3025

**Course Name :** Income Tax 2

**Program :** B.Com. Honors

**Date :** June 14, 2024

**Time :** 09.30am to 12.30pm

**Max Marks :** 100

**Weightage :** 50%

**Instructions:**

1. *Read all questions carefully and answer accordingly.*
2. *Question paper consists of 3 parts.*
3. *Scientific and non-programmable calculator are permitted.*
4. *Do not write any information on the question paper other than Roll Number.*

**PART - A**

**ANSWER ANY 5 QUESTIONS 5Q X 2M = 10M**

* 1. Identify the differences between a business and profession.

(CO1) [Knowledge]

* 1. Mr. Divesh had purchased a golden ring as on 17/8/2022 for ₹ 20,000. On 1/09/2022, he has sewn a diamond on it costing ₹ 25,000. On 1/03/2023, he sold such ring for ₹ 80,000 and incurred brokerage for arranging customer ₹ 5,000. Compute capital gain.
  2. Describe the meaning of Cost Inflation Index.

(CO2) [Knowledge]

(CO2) [Knowledge]

* 1. Mention two sources of income chargeable under the head “Income from other sources”.

(CO3) [Knowledge]

* 1. List out four deductions available to an individual U/S80C of the Income Tax Act.
  2. Explain the meaning of set-off and carry forward of losses.
  3. Mention the different Assessing Officer appointed under CBDT.

(CO4) [Knowledge] (CO4) [Knowledge] (CO5) [Knowledge]

**PART - B**

**ANSWER ANY 5 QUESTIONS 5Q X 10M = 50M**

* 1. Describe the provisions with regard to expenditures on Scientific Research as per Sec 35 of the Income Tax Act, 1961.

(CO1) [Comprehension]

* 1. A newly qualified CA Arun Kumar, commenced practice and has acquired the following assets in his office during FY 2022-23 at the cost shown against each item. Calculate the amount of depreciation that can be claimed from his professional income for AY2023-24. Assume that all the assets were purchased by way of account payee cheque.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sl.**  **No.** | **Description** | **Date of Acquisition** | **Date when put to use** | **Amount (₹)** |
| 1 | Computer including computer software | 27-09-2022 | 01-10-2022 | 35,000 |
| 2 | Computer UPS | 02-10-2022 | 08-10-2022 | 8,500 |
| 3 | Computer Printer | 01-10-2022 | 01-10-2022 | 12,500 |
| 4 | Books (other than annual publications of ₹12,000) | 01-04-2022 | 01-04-2022 | 13,000 |
| 5 | Office Furniture (acquired from a practicing CA) | 01-04-2022 | 01-04-2022 | 3,00,000 |
| 6 | Laptop | 26-09-2022 | 08-10-2022 | 43,000 |

(CO1) [Comprehension]

* 1. Classify capital assets and explain the conditions for determination of short term and long term capital assets.

(CO2) [Comprehension]

* 1. Ms. Aishwarya receives the following gifts from Mr. Vivek, one of her friends, during the previous year 2023-24. Discuss the tax treatment of such gifts.
     1. Cash gift of Rs.44,500 on April 2, 2023
     2. Cash gift of Rs.59200 on June 12,2023
     3. Cash gift of Rs.43,700 on July 5, 2023
     4. Cash gift of Rs.25,000 on the occasion of her daughter’s marriage on August 5,2023
     5. Gift of Motor Cycle (Fair Market Value Rs.57,200) without consideration on August 2, 2023.

(CO3) [Comprehension]

* 1. Discuss the provisions related to inter head adjustment under section 71 for set-off and carry forward of losses.

(CO4) [Comprehension]

* 1. Mr. Vinay (aged 39 years) submits the following particulars pertaining to AY2024-25:

|  |  |
| --- | --- |
| Particulars | Amount (₹) |
| Income from Salary | 45,000 |
| Income from House Property | (-)24,000 |
| Income from non-speculative business | (-)22,000 |
| Income from speculative business | (-) 4,000 |
| Short-term capital losses | (-) 25,000 |
| Long-term capital gains taxable u/s 112 | 19,000 |
| Compute the total income of | Mr. Vinay for the AY 2024-25 assuming he does not opt for the |
| provisions of section 115BAC. |  |

(CO4) [Comprehension]

* 1. Mr. Akash, a tax consultant based at Mumbai, provides the following information:

1. The Gross total Income of Mr. Akash is ₹18,00,000 (income from profession ₹17,00,000 and interest on bank deposit ₹1,00,000).
2. He pays ₹3,00,000 as house rent.
3. He deposits ₹50,000 in public provident fund.

Compute his taxable income for the assessment year 2024-25.

(CO5) [Comprehension]

**PART - C**

**ANSWER ANY 2 QUESTIONS 2Q X 20M = 40M**

* 1. Ms. Meenakshi provides the following information for the A.Y. 2024-2025. Compute her income from business:

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **Amount (₹)** | **Particulars** | **Amount (₹)** |
| Household expenses | 1,500 | Gross Profit | 25,000 |
| Repairs of Furniture | 8,500 | Bank Interest on personal deposits | 777 |
| Rent | 7000 |  |  |
| Establishment | 1,400 |  |  |
| Discount | 250 |  |  |
| Advertisement | 200 |  |  |
| Income Tax | 480 |  |  |
| Postage | 810 |  |  |
| Fire Insurance | 250 |  |  |
| Gifts | 160 |  |  |
| Charity | 1,140 |  |  |
| Reserve for doubtful debts | 700 |  |  |
| Interest on capital | 1,500 |  |  |

(CO1) [Application]

* 1. Mr. Gopinath, a designer, based at Delhi, provides the following information:

1. Income from house property ₹2,00,000
2. Mr. Gopinath owns a small store and his business income during the PY 2023-24 was ₹5,00,000. However, in the PY 2022-23, he incurred losses of ₹2,00,000 out of which ₹1,00,000 was set-off.
3. He has professional income of ₹10,00,000 during the previous year.
4. He pays ₹3,00,000 as house rent.
5. He deposits ₹30,000 in public provident fund and invested ₹20,000 in life insurance premium.

Compute his taxable income and tax liability for the assessment year 2024-25.

(CO4) [Application]

* 1. (a) Discuss the provisions with regard to deductions in respect of medical insurance premium as per Section 80D of the Income Tax Act, 1961.

(b) Ms. Gangotri, a businesswoman, whose total income (before allowing deduction under section 80GG) for AY 2024-25 is ₹4,60,000, paid house rent at ₹12,000 p.m. in respect of residential accommodation occupied by her at Mumbai. Discuss the provisions and compute the deduction allowable to her under section 80GG for AY 2024-25.

(CO5) [Application]