

Q.P. Code: 32622

**Sixth Semester B.Com. Degree Examination, May/June, 2025**  
**(CBCS - NEP Scheme)**

**COMMERCE**

**(NCF 0220) Income Tax Law and Practice - II**

Time : 2 Hours

Max. Marks : 60

**Instructions to students:**

1. The students should legibly write section number along with question numbers.
2. The answers without section number and question numbers will not be valued.
3. Section - I Multiple choice questions should be answered in the first page of main answer book and some questions shall not be answered repeatedly.
4. Any identifications like marking, ticking, dots etc., in the options of MCQ Questions (Section-I) on the question paper is strictly prohibited. Do not write anything (except register number) on the question paper.

**SECTION - I**

- I. Select the most appropriate answer from the options provided.  
ONE mark each.

(10x1=10)

- I-1. Income from house property applicable  
a) Deductions u/s 20                      b) Deductions u/s 24  
b) Deductions u/s 28                      d) Deductions u/s 30
- I-2. Interest on loan taken for construction of self occupied house is allowed upto maximum of  
a) Rs. 2,00,000                              b) Rs. 1,00,000  
c) Rs. 4,00,000                              d) Rs. 3,00,000
- I-3. What is the limit beyond which expenses should be paid by crossed cheque  
a) Rs. 5,000                                  b) Rs. 20,000  
b) Rs. 15,000                                  d) Rs. 10,000
- I-4. Rate of depreciation on furniture is  
a) 5%    b) 10%    c) 15%    d) 20%
- I-5. Exemption of long term capital gains is allowed under section  
a) 54    b) 45    c) 56    d) 59
- I-6. Tax on short term capital gain is  
a) 20%    b) 25%    c) 15%    d) 30%
- I-7. Interest on bank deposit is subject to deduction of tax if it exceeds  
a) Rs. 5,000                                      b) Rs. 2,000  
c) Rs. 40,000                                      d) Rs. 10,000

- I-8. Rate of TDS for securities is  
a) 10.6%                      b) 10%                      c) 15%                      d) 30%
- I-9. Business loss can be carried forward for  
a) 8 years                      b) 10 years                      c) 4 years                      d) 9 years
- I-10. Due date of filing of return by an individual assessee is.  
a) 30<sup>th</sup> June                      b) 31<sup>st</sup> July                      c) 31<sup>st</sup> August                      d) 30<sup>th</sup> November

**SECTION - II**

**II. Answer any FIVE on the following questions, THREE marks each. (5x3=15)**

- II-1. Define Annual Value.
- II-2. What do you mean by Profession?
- II-3. Give the meaning of capital assets.
- II-4. Mr. Mannu purchased a house in Shivamogga for Rs. 2,00,000 in 1998-99. It was sold for Rs. 37,20,000 in the previous year 2023-24, Brokerage paid at 2%. The fair market value of the house on 1.4.2001 was Rs. 4,50,000. Find out the capital gain for the assessment year 2024-25.  
[CII : 2001-02 = 100 ; 2023-24 = 348]
- II-5. From the following information, compute the annual value of the house for the Assessment Year 2024-25.
- |                                 |                 |
|---------------------------------|-----------------|
|                                 | Rs.             |
| Municipal value                 | 90,000          |
| Fair rental value               | 95,000          |
| Standard rent                   | 92,000          |
| Actual rent received            | 8,000 per month |
| Municipal tax paid by the owner | 10%             |
| House remained vacant           | 2 months        |
- II-6. Compute income from other sources of M.S. Bhoomi for the AY 2024-25 from the following particulars.  
a) Salary as MLA Rs. 2,50,000 p.a.  
b) Daily allowance as MLA Rs. 50,000  
c) Royalty received from a publisher Rs. 60,000 and incurred an expenditure of Rs. 5,000 relating to it.  
d) Income from agricultural land in Bangladesh Rs. 1,00,000  
e) Rent from subletting a house Rs. 52,500 and rent payable by her Rs. 24,000
- II-7. Compute the amount of tax liability for the assessment year 2024-25 in the following cases:  
a) Total income of Mr. A Rs. 5,00,000  
b) Total income of Mr. B (Senior citizen) Rs. 10,00,000

II-8. Profit and Loss Account of a Trader shows net profit Rs. 1,72,000 after debiting the following items.

- Payment of income tax Rs. 28,000
- Interest on capital Rs. 4,000
- GST Rs. 7,200 and penalty for delayed payment of GST Rs. 16,000.
- Payment of advertisement expenses in cash Rs. 60,000

The above net profit include bad debts recovered Rs. 12,000 which were disallowed earlier by ITO. Compute income tax business for the assessment year 2024-25.

### SECTION - III

III. Answer any THREE of the following questions, FIVE marks each. (3x5=15)

III-1. State with reasons whether the following items are admissible or not while computing income from business.

- Preliminary expenses
- Bad debts reserves
- Pooja expenses
- Donation to political party
- Embezzlement of cash by an employee

III-2. Distinguish between STCG and LTCG.

III-3. Write a note on unrealised rent.

III-4. Mr. Hoodikedhara's investments during the year ended 31.03.2024 consisting of the following:

- Rs. 1,50,000 ; 9% Karnataka State Government Securities.
- Rs. 1,00,000 ; 10% Delhi Corporation bonds
- Rs. 2,00,000 ; 12% Mumbai port trust bonds
- Rs. 25,000 ; 7 year post office National Savings Certificate
- Rs. 2,500 ; 7% National plan certificate
- Rs. 75,000 ; 8% Government of England bonds

He paid Rs. 1,000 as commission for collecting the interest income. Compute his taxable income from other sources for the AY 2024-25.

III-5. Dr. Vyadya is a medical practitioner. He gives you the following summary of cash book for the year ending 31.03.2024.

	Rs.		Rs.
To Balance b/d	20,000	By Rent of clinic	36,000
" Consultation fees	1,20,000	" Staff salary	54,000
" Visiting fees	1,50,000	" Surgical equipments	1,00,000
" Life insurance maturity	1,40,000	" Motor car purchased	2,00,000
		" Motor car expenses	10,000
		" Household expenses	20,000
		" Balance c/d	10,000
	<b>4,30,000</b>		<b>4,30,000</b>

Additional information:

- Rate of depreciation on car and surgical equipments is 15% p.a.
- $\frac{1}{3}$  of motor car expenses relate to personal use.

## SECTION - IV

IV. Answer the following questions. TEN marks each.

(2x10=20)

IV-1. What are the different kinds of securities ? Explain the income tax provisions relating to them.

OR

Determine the income from house property of Mr. Chandra for the A.Y. 2024-25.

	House - I Rs.	House - II Rs.
Municipal value	1,44,000	1,44,000
Fair rental value	1,68,000	1,68,000
Standard rent	1,60,000	1,60,000
Rent received	2,40,000	2,88,000
Unrealised rent	60,000	48,000
Local tax paid by the owner	12,000	24,000
Interest on loan for construction	20,000	16,000
Interest on loan prior to completion of construction	10,000	20,000
Unrealised rent of A.Y. 2020-21 recovered during the previous year	-	72,000

IV-2. Explain the rules relating to set-off and carry forward of losses.

OR

The following is the profit &amp; loss account of Mr. Akash for the year ending 31st March 2024.

To	Rs.	By	Rs.
Salaries	1,65,000	Gross Profit b/d.	2,50,000
Office expenses	18,000	Bad debts recovered	10,000
Depreciation	14,000	Dividend	3,000
GST	9,000	Commission	10,000
Legal expenses	8,000	Rent of house property	19,000
Income tax	7,000	Sundry receipts	5,000
Patent purchased	12,000	Share of income from HUF	3,000
Repairs	6,000		
Donation	2,000		
Provision for bad debts	3,000		
General expenses	12,000		
Net profit	44,000		
	<b>3,00,000</b>		<b>3,00,000</b>

**Additional information:**

- Salary includes Rs. 6,000 paid to workers employed at home.
  - Legal expenses includes Rs. 1,000 paid to the advocate in connection with personal case.
  - General expenses include Rs. 4,000 as contribution to staff welfare fund.
  - Out of the bad debts recovered only Rs. 4,000 were allowed as deduction in earlier.
- Compute his income from business for the Assessment year 2024-25.

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