

**NP – 928**

**VI Semester B.Com. Examination, June/July 2025
(NEP) (Freshers + Repeaters)**

COMMERCE

Paper – Com 6.2 : Income Tax Law and Practice – II

Time : 2½ Hours

Max. Marks : 60

Instruction : Answers should be written either in **English** or in **Kannada**.

SECTION – A

1. Answer **any 6** sub-questions. **Each** sub-question carries **2** marks. **(6×2=12)**
- Give the meaning of the term “Vocation”.
 - Classify the following expenses as admissible or inadmissible while computing business income :
 - Provision for taxation.
 - Depreciation on plant and machinery.
 - Income tax appeal expenses.
 - Bad debts.
 - Define capital asset.
 - How do you treat salary and daily allowance given to a Member of Parliament ?
 - What are Cum-interest securities ?
 - What is Intra Head Set-off ?
 - State any two functions of CBDT.
 - What is Re-assessment ?

SECTION – B

Answer **any 3** questions. **Each** question carries **4** marks. **(3×4=12)**

2. Punith and Co. had a block of plant and machinery having WDV of Rs. 40,00,000 as on 01. 04.2023. During the year an additional machinery costing Rs. 15,00,000 was purchased on 04.09.2023. On 2.11.2023 fire occurred in the premises of the company destroying a considerable part of the old plant and machinery. Insurance company paid the damages of Rs. 20,00,000. The rate of depreciation applicable is 15%. Calculate the amount of depreciation allowable as per IT Act, 1961 under alternative tax regime.



3. Mr. Bhuvan (resident) purchased a residential house in Bangalore on 1-4-2000 for Rs. 2,00,000. On 1st July 2000, he gifted the house to his son Mr. Suman. Mr. Bhuvan constructed the 1st Floor of the house on 1st May 2000 at a cost of Rs. 60,000 and Mr. Suman made improvements in the house by adding two bathrooms at a cost of Rs. 50,000 in June 2005.

Mr. Bhuvan died in December 2010 and Mr. Suman sold the house on 1st August 2023 for Rs. 31,00,000 (brokerage paid Rs. 20,000). Find out capital gain or loss if the fair market value on 1.4.2001 was Rs. 2,50,000.

CII (Cost Inflation Index) : 2001-02 = 100, 2005-06 = 117, 2023-24 = 348.

4. Mr. Vinay has received the following incomes during the previous year 2023-24.

- Interest received (Net) on listed debentures of MR Ltd. Rs. 5,760.
- Winning from state lottery Rs. 1,20,000.
- Interest received on Post office savings bank account Rs. 25,000.
- Received dividend from shares of SRM Ltd. Rs. 37,000 and from Janatha seva cooperative society Rs. 2,500.

Compute taxable income from other sources for the assessment year 2024-25.

5. During the year 2023-24 Gross total income of Mr. Prabhu is Rs. 15,00,000. He made the following payments during the year Rs. 12,000 for life insurance premium on his life, Rs. 8,000 on the life of his wife, Rs. 12,000 for medical insurance premium on his health by cheque and Rs. 10,000 donated to PMNRF. Compute his taxable income and tax liability for the A.Y. 2024 – 25.

6. Explain the provisions for set-off and carry forward of the following losses :

- Loss from house property
- Spéculation business loss
- Capital loss
- Unabsorbed Depreciations.

7. Following is the Profit and Loss A/c for Mr. Rupesh for the year ending 31.3.2024. Compute the income from business for the A.Y. 2024-25 (Ignore alternative Tax regime under section 115BAC)

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To General expenses	20,000	By Gross Profit b/d	6,50,000
To Office expenses	40,000	By Bad debts recovered (not allowed earlier)	800
To Interest on bank loan	5,000	By Dividend	16,000
To Audit fees	5,000	By Discount received	16,000
To Interest on capital	12,000	By Sundry Receipts	16,000
To Rent	20,000	By Interest on Govt. Securities	11,200
To Provision for income tax	16,000		
To Charities	10,000		
To Legal expenses	4,000		
To Compensation to retrenched employees	20,000		
To Extension of building	36,000		
To GST	10,000		
To Net profit	5,12,000		
	7,10,000		7,10,000

Additional Information :

- General charges includes Rs. 10,000 towards purchase of computer.
- Legal expenses include Rs. 2,000 penalty by customs authority.
- Rent includes Rs. 12,000 paid as rent of the house in which the assessee lives.
- Depreciation allowed Rs. 15,000 as per income tax rules. (excluding depreciation on computer purchased).
- Income tax provision is excessive to the extent of Rs.6,000.



8. Following is receipts and payments accounts of Mr. X is a Chartered Accountant in Bangalore. His Receipts and Payments Account for the year ended 31.3.2024 are as follows :

Receipts	Amount (Rs.)	Payments	Amount (Rs.)
To Balance b/d	28,000	By Staff Salaries	50,000
To Dividend	32,000	By Rent	30,000
To Audit fee	2,40,000	By Telephone Charges	12,000
To Financial consultancy service	20,000	By Professional Expenses	10,000
		By Motor Car Expenses	24,000
To Accountancy works	10,000	By Miscellaneous Expenses	15,000
To Accounting software charges	5,000	By Purchase of Car (30.09.23)	90,000
To Remuneration as a member of Tax Reform commission	5,000	By Advance Income Tax	50,000
		By Personal Expenses	90,000
To House Rent	45,000	By Purchase of Professional Books	4,000
To Race course income (net)	12,000		
To Lottery prize (net)	60,000	By Electricity charges	2,000
		By LIC Premium	8,000
		By Balance c/d	72,000
	4,57,000		4,57,000

Additional Information :

- Gifts from clients Rs. 5,000 not included in the above account.
 - 2/3 of car expenses relates to professional use.
 - Depreciation of motor car allowed is 15%.
 - Rent includes Rs. 15,000 paid for residential accommodation.
 - Misc. expenses include donation paid to a notified Temple Rs.10,000.
- Compute his professional income for the A.Y. 2024-25.



9. Mr. Madhu had two houses. The first house was occupied by himself for his residence. He got this house from his uncle as a gift on 15th July 1988. His uncle purchased this house in 1979 for Rs. 84,000. Its FMV as on 1.4.2001 was Rs. 2,55,000. Madhu spent Rs. 22,500 on its improvement on 10.9.2004 and sold it on 30th Nov. 2023 for Rs. 35,00,000. He purchased another house for his residence on 25th Feb. 2024 for Rs. 4,50,000.
- He had purchased the second house for Rs. 90,000 in 1987-88 and had let out for residential purpose. He sold this house on 15th June 2023 for Rs. 7,80,000. He had purchased some jewellery in 1987-88 for Rs. 1,12,500. On 22nd Feb. 2024 he sold this jewellery for Rs. 9,00,000. He had also purchased machinery on 01.01.2009 for Rs. 40,000 is sold for Rs. 50,000 on 01.04.2023. The WDV of the machinery on 01.04.2023 was Rs. 25,000.
- CII for 2001-02 = 100 , 2004-05 = 113, 2008-09 = 137 and 2023-24 = 348.
- Compute the taxable capital gain of Mr. Madhu for the A.Y. 2024-25.
10. Compute income from other sources of Mr. Venu who held the following investments in the previous year 2023-24.
- a) Rs. 8,000 received as interest on Karnataka Govt. Securities.
 - b) Rs. 5,00,000 10% Commercial Securities.
 - c) Rs. 4,00,000 13.5% Securities of X Co.Ltd. (unlisted).
 - d) Rs. 1,20,000 10% Central Government Securities.
 - e) Rs. 4,500 received as interest on ABC Ltd. (listed).
 - f) Rs. 10,000 (Gross) received as interest on Public Ltd. Co. securities.
 - g) Rs. 4,50,000 11% securities of a Sugar Mill Co. (listed).
 - h) Interest on Post Office Savings Bank A/c Rs. 7,500.
 - i) Dividend received from Textile Ltd., (Gross) Rs. 40,000.
- For purchasing securities of X Co., Ltd., he took a loan of Rs. 2,00,000 at 10% per annum. This loan was taken from his friend in UK. The interest has been paid in UK but no TDS is made. Bank charged Rs. 5,000 as collection charges.
- During the year he also got a prize in Karnataka State Lottery. The net amount received by him was Rs.3,50,000. Interest on all securities is payable on 1st July and 1st January every year.

11. Mr. Krishna gives the following information of his income for the previous year 2023-24. Compute total income and tax liability for the AY 2024-25 under existing tax regime.

- Income from salary (computed) Rs. 4,10,000.
- Income from House property - (computed) Rs. 75,600.
- Income from business - computed Rs. 2,00,000
- Short term capital gains Rs. 25,000.
- Interest on bank fixed deposit Rs. 77,000 (Net).
- Winning from horse race Rs. 70,000 (Net).
- Dividend income Rs. 20,500.

He makes the following payments towards :

- Annuity plan of LIC Rs. 25,000.
- Medical insurance premium on his health Rs. 15,000.
- Interest on educational loan on his son Rs. 10,000.
- Donation to PM relief fund Rs. 15,000.

ಕನ್ನಡ ಆವೃತ್ತಿ

ವಿಭಾಗ - ಎ

1. ಈ ಕೆಳಗಿನ ಯಾವುದಾದರೂ 6 ಉಪ-ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ. ಪ್ರತಿಯೊಂದು ಉಪ-ಪ್ರಶ್ನೆಗೆ 2 ಅಂಕಗಳು.

(6×2=12)

- “ವೃತ್ತಿಪರ” ಎಂಬ ಪದದ ಅರ್ಥವನ್ನು ನೀಡಿ.
- ವ್ಯವಹಾರ ಆದಾಯವನ್ನು ಲೆಕ್ಕಾಚಾರ ಮಾಡುವಾಗ ಈ ಕೆಳಗಿನ ವೆಚ್ಚಗಳನ್ನು ಸ್ವೀಕಾರಾರ್ಹ ಅಥವಾ ಸ್ವೀಕಾರಾರ್ಹವಲ್ಲ ಎಂದು ವರ್ಗೀಕರಿಸಿ :
 - ತೆರಿಗೆಗೆ ನಿಬಂಧನೆ.
 - ಸ್ಥಾವರ ಮತ್ತು ಯಂತ್ರೋಪಕರಣಗಳ ಮೇಲಿನ ಸವಕಳಿ.
 - ಆದಾಯ ತೆರಿಗೆ ಮೇಲ್ಮನವಿ ವೆಚ್ಚಗಳು.
 - ಕೆಟ್ಟ ಸಾಲಗಳು.