



NP – 963

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**VI Semester B.Com. Examination, June/July 2025**  
**(NEP Scheme) (F+R)**  
**TOURISM AND TRAVEL MANAGEMENT**  
**6.2 : Income Tax Law and Practice – II**

Time : 2½ Hours

Max. Marks : 60

**Instruction : Answer in English only.**

**SECTION – A**

Answer any 6 of the following sub-questions. Each sub-question carries 2 marks.

(6×2=12)

1. a) Define the term Capital Asset as per the Income Tax Act.
- b) What is meant by the Indexed Cost of Acquisition ?
- c) Explain the concept of Tax-free Government Securities.
- d) List any four incomes taxable under the head "Income from other sources."
- e) State any four admissible expenses while computing business income.
- f) What is the Cash System of Accounting ?
- g) Expand the abbreviations : ITO and PAN.
- h) What do you understand by the Business ?



**SECTION – B**

Answer any 3 questions. Each question carries 4 marks.

(3×4=12)

2. Mr. Bhandari (resident) purchased a residential house in Delhi on 1-4-2000 for ₹ 1,50,000. On 1<sup>st</sup> May 2000, he gifted the house to his son Mr. Sukumar. Mr. Bhandari constructed the first floor of the house in December 2000 at a cost of ₹ 50,000 and Mr. Sukumar made improvement in the house and added two bath rooms at a cost of ₹ 40,000 in June 2005. Mr. Bhandari died in December 2010 and Mr. Sukumar sold the house on 1<sup>st</sup> Aug. 2023 for ₹ 30,00,000 (brokerage paid ₹ 25,000). Find out capital gain or loss if the fair market value of the house on 1-4-2001 was ₹ 2,50,000. CII : 2001-02 – 100; 2005-06 – 117; 2023-24 – 348.

P.T.O.



3. From the Profit and Loss Account of Mr. Ramesh for the year ended 31-3-2024. Compute the income from business for the A.Y. 2024-25. (Ignore Alternative Tax Regime under Section 115BAC)

Particulars	₹	Particulars	₹
Office	40,000	Gross profit b/d	6,40,000
General	16,000	Interest on Govt. securities	11,200
Interest on Bank loan	4,000	Discounts received	16,000
Audit fees	4,000	Bad debts recovered	
Interest on capital	12,000	(not written off earlier year)	800
Rent	20,000	Sundry receipts	16,000
Provision for income tax	16,000	Dividend	16,000
Charity	8,000		
Legal	4,000		
Compensation to			
retrenched employees	20,000		
Extension of building	36,000		
GST	8,000		
Net profit	5,12,000		
	<b>7,00,000</b>		<b>7,00,000</b>

- 1) General charges included ₹ 8,000 towards the purchase of a computer.
- 2) Legal expenses include ₹ 1,600 penalty by customs authority.
- 3) Rent includes ₹ 8,000 paid as rent of the house in which the assessee lives.
- 4) Depreciation allowed ₹ 12,000 as per income tax rules. (Excluding depreciation on computer purchased).
- 5) Income tax provision is excessive to the extent of ₹ 5,000.



4. Sri Srinivas has the following investments for the year ended 31-3-2024 :

- i) Dividend from Indian company ₹ 4,000
- ii) ₹ 80,000 in post office savings Bank account which earns the interest @ 5% p.a.
- iii) ₹ 90,000 10% tax free debentures of Mysore Municipal corporation.
- iv) 14% Karnataka State Electricity Board Bonds 30,000.
- v) ₹ 50,000 fixed deposits with Canara Bank Mysore at 8% p.a.

Compute the income from sources from the above investment for the assessment year 2024-25. (Ignore Alternative Tax Regime under Section 115BAC).

5. Mr. Srinath (Resident) is employed by AB Co. Ltd. He submits the following particulars of his income and expenditure for the P.Y. 2023-24. Compute his total income. (Ignore Alternative Tax Regime under Section 115BAC).

- a) Income from salary : ₹ 6,00,000
- b) Income from other sources : ₹ 2,00,000
- c) Own contribution to NPS : ₹ 40,000
- d) Own contribution to PPF : ₹ 2,00,000
- e) Deposit in notified annuity plan of LIC : ₹ 5,000.

6. Give the meaning of different types of income tax return.

### SECTION – C

Answer any 3 questions. Each question carries 12 marks.

(3×12=36)

7. From the below given profit and loss account and additional information of Mr. David, compute his taxable business income for the Assessment Year 2024-25. (Ignore Alternative Tax Regime)

#### Profit and Loss Account for the year ended 31-03-2024

Particulars	₹	Particulars	₹
Opening stock	40,000	Sales	5,00,000
Purchase	2,20,000	Closing stock	50,000
Wages	15,000		



Freight	10,000		
Gross profit	2,65,000		
<b>Total</b>	<b>5,50,000</b>	<b>Total</b>	<b>5,50,000</b>
		Gross profit	2,65,000
Establishment	15,000	Dividend on shares (Gross)	6,000
Salaries	25,000	Rent from house property	15,000
Rent and taxes	12,000	Refund of income tax	2,000
Income tax	10,000	Interest on Govt. Securities	1,000
Household	14,000	Bad debts recovered	5,000
Reserve for bad debts	5,000	Profit on sale of machinery	3,000
Advertisement	15,000	Miscellaneous income	9,000
Donation	6,000		
GST	20,000		
Provision for income tax	8,000		
Carriage outwards	11,000		
Drawings	4,000		
General	16,000		
Interest on capital	9,000		
Bad debts	7,000		
Repairs	7,500		
Taxes and insurance	2,500		
Car	11,000		
Audit fees	12,500		
Depreciation	20,500		
Net Profit	75,000		
	<b>3,06,000</b>		<b>3,06,000</b>



**Additional Information :**

- 1) Salaries include payment to a relative employee, which is considered to be unreasonable upto ₹ 6,000.
  - 2) Purchases include two payments of ₹ 30,000 and ₹ 10,000 paid in cash to a supplier.
  - 3) Opening stock is valued at 10% above the cost.
  - 4) Allowable depreciation is ₹ 22,500.
  - 5) 60% of car are for business purposes.
  - 6) General expenses include ₹ 10,000 given to a notified research institute for carrying on scientific research.
8. Dr. Punitha submits the following particulars, calculate the income from professional for the Assessment Year 2024-25. (Ignore Alternative Tax Regime under Section 115BAC)

<b>Particulars</b>	<b>₹</b>	<b>Particulars</b>	<b>₹</b>
To Opening balance b/d	25,000	By Salary to staff	36,000
To Consultation fees	75,000	By Purchase of medicines	18,000
To Visiting fees	62,500	By Professional books	10,000
To Agricultural income	40,000	By Purchase of car	2,40,000
To Interest on Bank deposits	10,000	By Car expenses	20,000
To Gift from patients *	15,000	By Computer purchased	50,000
To Rent from house property	48,000	By Personal expenses	45,000
To Loan from Bank for profession	1,50,000	By Income tax	15,000
To Operation charges	90,000	By LIC premium	10,000
To Sale of medicines	32,500	By Repayment of loan	35,000
		By Municipal tax on house property	5,000
		By Interest on loan	7,500
		By Closing balance (c/d)	56,500
<b>Total</b>	<b>5,48,000</b>	<b>Total</b>	<b>5,48,000</b>

**Additional Information :**

- a) 25% of car expenses relate to personal use.
  - b) Rate of depreciation on professional books 40%, car 15% and computer 40%.
  - c) A cash gift of ₹ 2,500 received from a patient was not recorded in the books.
9. Mr. Mohan (resident) had two houses. The first house was occupied by himself for his residence. He got this house from his uncle as a gift on 15<sup>th</sup> July 1988. His uncle purchased this house in 1979 for ₹ 56,000. Its Fair Market Value as on 1<sup>st</sup> April 2001 was ₹ 70,000, Mohan spent ₹ 5,000 on its improvement on 10-9-2004 and sold it on 30<sup>th</sup> Nov. 2023, for ₹ 10,00,000. He purchased another house for his residence on 25<sup>th</sup> Feb. 2024 for ₹ 2,00,000.
- He had purchased the second house for ₹ 60,000 in 1987-88 and had let out for residential purpose. He sold this house on 15<sup>th</sup> June 2023 for ₹ 5,20,000. He had purchased some jewellery in 1987-88 for ₹ 75,000. On 22<sup>nd</sup> Feb. 2024 he sold this Jewellery for ₹ 6,00,000. 2001-02-100; 2004-05-113 and 2023-24-348. Compute the taxable capital gains of Mr. Mohan for the A.Y. 2024-25.
10. Mr. Ahmed has held the following investments and incomes during the financial year 2023-24.
- i) ₹ 2,00,000, 8% State Govt. securities.
  - ii) ₹ 4,00,000, 10% tax free commercial securities.
  - iii) ₹ 4,00,000, 12% commercial securities.
  - iv) ₹ 10,000 (gross) received as interest on Public Ltd. Company.
  - v) ₹ 7,200 interest received on debentures of ABC Ltd. (listed).
  - vi) ₹ 9,000 interest received on securities of XYZ Ltd. (unlisted).
  - vii) ₹ 5,000 dividends received from Indian company.
  - viii) ₹ 4,000 interest received from the units of UTI.
  - ix) ₹ 2,10,000 (net) lottery income from Kerala State Lottery.

Bank charged ₹ 5,000 as collection charges, compute his income from other sources for A.Y. 2024-25.



11. Kishore gives the following information of his income for the P.Y. 2023-24. Compute total taxable income for the A.Y. 2024-25. (Under Existing Tax Regime and Alternative Tax Regime).

<b>Particulars</b>	<b>Amount (₹)</b>
i) Rent received p.m.	9,000
ii) Income from business (computed)	2,00,000
iii) Income from salary (computed)	4,10,000
iv) Income from other sources	1,02,000

He makes payments towards :

<b>Particulars</b>	<b>Amount (₹)</b>
a) Life insurance premium	25,000
b) Donation to P. M. Relief fund	15,000
c) Interest on education loan on his son	8,500
d) Medical insurance premium on his health	12,000

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