SET A

BACHELOR OF COMMERCE
SIXTH SEMESTER
TAXATION LAWS AND PRACTICE
BCM – 601
[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs. **Full Marks: 70**

Objective

Time: 30 mins. **Marks: 20**

Choose the correct answer from the following: ***1×20=20***

1. As per Sec 2(31), the following is not included in the definition of 'Person':
   a. Individual
   b. HUF
   c. A company
   d. A minor

2. Income tax is charged in.............
   a. Financial year
   b. Assessment year
   c. Previous year
   d. Accounting year

3. Which of the following income is not included in the term 'Income' under the Income Tax Act, 1961?
   a. Profit and gains
   b. Dividend
   c. Profit in lieu of salary
   d. Reimbursement of travelling expenses

4. The year in which income is taxable is known as..............and year in which income is earned is known as..............
   a. Previous year, Assessment year
   b. Assessment year, Previous year
   c. Assessment year, Assessment year
   d. None of the above

5. As per the Union Budget 2025, what is the standard deduction available to salaried taxpayers under the new tax regime?
   a. 50,000
   b. 40,000
   c. 75,000
   d. 1,00,000

6. In case of an Assessee engaged in the business of manufacturing tea, its agricultural income is........................
   a. 60% of total receipt of the business
   b. 60% of income of the business
   c. NIL
   d. 40% income of the business

7. Income of business commenced on 1st March, 2019 will be assessed in the Assessment Year:
   a. 2018-19
   b. 2019-20
   c. 2020-21
   d. 2021-22

8. An individual is said to be resident in India if:
   a. He has a house in India
   b. He is in India in the previous year for the period of 182 days or more.

c. He is in India for a period of 30 days or more in previous year and for 365 days or more during 4 previous years immediately preceding the relevant previous year.

d. His parents are Indian citizen.

9. Which section of the Income Tax Act deals with taxation of salary in India?
   a. Sec 80C
   b. Sec 10
   c. Sec 15–17
   d. Sec 56

10. The basis of chargeability of income under the head of 'Income from House Property' is....................
    a. Rental value
    b. Annual value
    c. Value fixed by the Government
    d. None of the above

11. Encashment of leave salary at the time of retirement is fully exempt in the case of:
    a. Central government
    b. State government
    c. Both central and state government employees
    d. Government employee and of local authority

12. Uncommuted pension received by government employee is................
    a. Exempt
    b. Taxable
    c. Partially taxable
    d. None of the above

13. If an assessee carries on any scientific research related to his business, he shall be allowed deduction under Sec 35 in respect of....................
    a. Revenue expenditure
    b. Capital expenditure
    c. Both revenue and capital expenditure
    d. None of the above

14. Advance municipal tax paid....................
    a. Shall be allowed as deduction in the year of payment
    b. Can be claimed in the year in which it falls due
    c. Cannot be claimed
    d. None of the above

15. For an employee in receipt of hostel expenditure allowance for his 3 children, the maximum annual allowance exempt under Sec 10(14) is:
    a. 10800
    b. 7200
    c. 9600
    d. 3600

16. Interest credited to statutory provident fund shall be......................
    a. Fully exempted
    b. Exempted up to 12% p.a
    c. Fully taxable
    d. Exempt up to 9.5% p.a

17. Which section of the Income Tax Act deals with the provisions of TDS on dividend?
    a. Section 80
    b. Section 194
    c. Section 192
    d. Section 10

18. What is Reverse Charge under GST?
    a. When the supplier is liable to pay tax.
    b. When the buyer is liable to pay tax instead of the seller.
    c. When tax is paid directly to the government by the supplier.
    d. When the buyer receives a refund from the government.

19. Which of the following is an example of a customs duty?
    - a. Value-added tax (VAT)
    - b. Excise duty
    - c. Import duty
    - d. Service tax

20. High Sea Sales refers to:
    - a. Sale of goods that have not yet entered the customs territory of India
    - b. Sale of goods to foreign countries
    - c. Sale of goods to government entities only
    - d. Sale of goods to foreign agents in India

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Descriptive

Time : 2 Hr. 30 Mins. Marks : 50

[Answer question no.1 & any four (4) from the rest]

1. a) Define Salary as per Section 17 (1) of Income Tax Act, 1961. 2+8=10

b) Miss. Sauravi, being a citizen of India and Government employee, has the following salary details:

Particulars	Amount (₹)
Basic Salary	2,000 p.m.
Dearness Allowance	3,000 p.m.
Dearness Pay	1,000 p.m.
Fees	50,000 p.a.
House Rent Allowance	5,000 p.m. (Rent paid for Kolkata house ₹4,000 p.m.)
Children Education Allowance	3,000 p.m. (She is having one adopted child)
Children Allowance	1,000 p.m.
Hostel Allowance	2,000 p.m.
Dress Allowance	5,000 p.m. (Actual expenditure ₹10,000 p.m.)
Uniform Allowance	2,000 p.m. (Actual expenditure ₹1,000 p.m.)
Tiffin Allowance	1,000 p.m.
Education Allowance for her own education	2,000 p.m. (Actual expenditure ₹1,500 p.m.)

Compute her gross salary for the assessment year 2024-25

2. a) What are the conditions for determining whether an individual is a resident or non-resident under the Income Tax Act, 1961? 6+4=10

b) Mr. X, aged 19 years, left India for first time on May 31, 2023. Determine his residential status for the previous year 2023-24 if: (i) He left India for employment purpose (ii) He left India on world tour.

3. Mr. H. Baruah inherited a residential house from his mother on 1st April, 2012 which was purchased by his mother on 20th October, 2002 for ₹ 60,000. He had spent ₹ 1,10,000 for the improvement of the house on 15th March, 2015. He also purchased a residential house for ₹ 11,20,000 on 17th January, 2023. On 10th January, 2024, he sold the house inherited from his mother for ₹ 25,80,000. The value assessed by the stamp valuation authority for registration was ₹ 27,00,000. The house was sold through a broker who charged a brokerage of 1%. The Fair Market Value of the property on 1st April, 2004 is ₹ 1,80,000. 10

Compute the taxable amount of capital gains, if any, for the assessment year 2024-25.

[Note: CII for 2004-05 is 109, 2014-15 is 220 and for the year 2023-24: 331]

4. From the following particulars related to the house property of Mr. Johny for the previous year 2023-24, Compute the net annual value. 10

Particulars	Details
Municipal Value	₹ 30,000 p.a.
Standard Rent	₹ 27,000 p.a.
Fair Rent	₹ 33,000 p.a.
Actual Rent	₹ 3,000 p.m.
Date of Completion	30th June, 2023
Date of Letting Out	1st August, 2023
Municipal Tax paid by the owner	₹ 1,000 during the year
Municipal Tax paid by the tenant	₹ 500 on 25-03-2024

5. a) Distinguish between Tax Deduction at Source (TDS) and Tax Collected at Source (TCS). 2+8=10

b) Mr. Jerico retired from his job after 29 years 6 months and 15 days of service on 17/12/2023 and received gratuity amounting Rs. 4,00,000. His salary at the time of retirement was basic Rs. 6,000 p.m., dearness allowance Rs. 1,200 p.m., House rent allowance Rs. 2,000, Commission on turnover 1%, Commission on profit Rs. 5,000. He got an increment on 1/4/2023 of Rs. 1,000 p.m. in Basic. Turnover achieved by assessee Rs. 1,00,000 p.m. Calculate his taxable gratuity if he is a —

i) non-government employee, covered by the Payment of Gratuity Act;

ii) non-government employee not covered by the Payment of Gratuity Act

6. Define the concept of GST. Explain the salient features and primary objective of GST. 2+4+4=10

7. a) Discuss the various deductions available under 80C of the Income Tax Act, 1961. 3+7=10

Dr. Neeraj is a registered medical practitioner. He maintains his books on a cash basis. His summarized cash account for the year ended 31st March, 2024 is as follows:

Receipts	Amount (₹)	Payments	Amount (₹)
To Balance b/d	1, 22,000	By Cost of Medicines	10,000
To Loan from Bank for private purposes	3,000	By Surgical Equipment	8,000
To Sales of Medicines	25, 250	By Motor Car	1,20,000
To Consultation Fees	1,55,000	By Car Expenses	6,000
To Visiting Fees	24,000	By Salaries	4,600

To Interest Securities	4,500	By Rent of Clinic	1,600
To Rent from Property (not subject to local taxes)	3,600	By General Expenses	300
		ByPersonal Expenses	1,11,800
		By Life Insurance Premium	3,000
		By Interest on Loan on From Bank	300
		By Insurance of Property	200
		By Balance c/d	71,550
	3,37,350		3,37,350

Additional Information:

i) One-third of motor car expenses are for personal use.

ii) Depreciation allowable @15% on motor car and surgical equipment.

Required:

b) Compute Dr. Neeraj's income from profession for the Assessment Year 2024-25.

8. Explain the types of customs duties levied under the Customs Act, 1962. Describe the Baggage Rules under the Customs Act, 1962, and explain the exemptions available to passengers arriving in India. 5+5=10

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