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TA—99—2024

FACULTY OF COMMERCE

B.Com. (Third Year) (Fifth Semester) EXAMINATION

NOVEMBER/DECEMBER, 2024

INCOME TAX LAW & PRACTICE

Paper-BC-5.4A

(Taxation)

(Monday, 9-12-2024)

Time : 10.00 a.m. to 1.00 p.m.

Time—3 Hours

Maximum Marks—75

N.B. :— (i) Q. No. 1 is compulsory.

(ii) Figures to the right indicate full marks.

(iii) Use of simple non-programmable calculator is allowed.

1. The following are the incomes of Shanti Co-operative Society for the year ended on March 31, 2024. Compute its taxable total income for the assessment year 2024-25. 20

	Rs.
1. Dividend received from other Co-operative Society	1,300
2. Income from credit facilities to members	1,200
3. Income from a cottage industry	2,100

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| 4. | Income from cycle business | 1,000 |
| 5. | Interest from another Co-operative Society (Gross) | 1,400 |
| 6. | Income from collective disposal of labour of members | 2,500 |
| 7. | Income from fishing and allied activities | 2,100 |
| 8. | Interest on securities | 2,400 |
| 9. | Income from house property | 2,800 |
| 10. | Income from the processing, without the aid of power | 2,700 |
2. X, Y & Z are equal partners in a firm with X being a non-working partner. The Profit and Loss Account for the year ended 31st March, 2024 is as under :

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Profit & Loss Account

For the year ended 31st March, 2024

Particulars	Amount	Particulars	Amount
To Rent	20,000	By Gross Profit b/d	4,05,000
To Office Expenses	25,000	By Discount	10,000
To Salaries	1,00,000	By Bad Debts Recovered	2,000
To Advertisement	15,000	By Bank Interest	3,000
To Value Added Tax	30,000		
To Charity & Donations	5,000		
To Bad Debts Reserve	10,000		
To Sundry Expenses	20,000		
To Bad Debts	15,000		
To Depreciation	25,000		

To Interest on Capital :			
X	50,000		
Y	25,000		
Z	25,000		
To Commission :			
X	15,000		
Y	10,000		
Z	5,000		
To Net Profit	25,000		
	4,20,000		4,20,000

Adjustments :

1. Salaries include partners' salaries-Y Rs. 15,000, Z Rs. 10,000.
2. Bad Debts admissible by the department Rs. 12,500.
3. Furniture purchased by X for personal use of Rs. 10,000 has been debited to sundry expenses.
4. Donation includes donation to a local school Rs. 3,500, to a club Rs. 1,000 and to trade association Rs. 500 in cash.
5. Capital Account of the partners at the beginning of the previous year as on 1.4.2023 were as follows :
 X - 2,00,000
 Y - 1,00,000
 Z - 1,00,000

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6. Office expenses include a bonus to partners :

X - 1,000

Y - 2,500

Z - 1,500

Compute the profit from the business and total income of the firm for the relevant assessment year. The firm does not fulfil the conditions of section 184.

Or

Write a detailed note on the computation of Book Profit.

3. Mr. Sitaram who is a disabled person of 62 years has furnished the following details regarding deductions u/s 80 for the assessment year 2024-25. Compute the qualifying amount u/s 80 : 15

- (a) LIC premium paid on wife's life (Policy was taken on 01.04.2012, sum assured Rs. 2,00,000) Rs. 25,000.
- (b) LIC premium paid on own life (Policy was taken on 04.07.2014, sum assured Rs. 1,50,000) Rs. 27,000.
- (c) Repayment of home loan taken from SBI Rs. 70,000 (including interest of Rs. 50,000)
- (d) Tuition fee paid for four children Rs. 72,000.
- (e) LIC premium paid on the life of married daughter Rs. 19,000.
- (f) Contribution to PPF Rs. 30,000.
- (g) Purchase of NSC IX issue Rs. 23,000.

- (h) Health insurance premium paid on mother's life by cheque Rs. 44,000.
- (i) Mr. Sitaram's brother is a severely disabled person and he is dependent on Mr. Sitaram for his livelihood.
- (j) Interest paid on loan taken for higher education of his daughter Rs. 30,000.

Or

Write in detail about the deductions allowable u/s 80D, 80DD 80E and 80U.

4. A, B and C are members of an A.O.P. whose Profit and Loss Account is as follows :

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Particulars	Amount	Particulars	Amount
To General Expenses	8,800	By Gross Profit	13,800
To Salary to A	1,500	By Interest on securities	2,000
To Commission to B	4,000	By Net loss :	4,200
To Charity	500	A	1,400
To Bad debts	600	B	1,400
To Bad Debts Reserve	1,900	C	1,400
To Rent of shop	500		
To Interest on Capital	2,200		
A	1,200		
C	1,000		
	20,000		20,000

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Calculate total income of the AOP.

Or

Define Association of Persons and Body of Individuals. State the difference between AOP and BOI.

5. Write short notes on any *two* of the following : 10

(i) TDS on Salary

(ii) TDS on Interest

(iii) Sec. 194H

(iv) Sec. 194I