2025

(May–June)

COMMERCE

(Honours)

(Direct and Indirect Taxes)

(BC–603)

(Under Revised Syllabus)

Marks : 75

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. *(a)* "Income earned during the Previous Year is taxed in the Assessment Year." Is there any exception to this rule? Explain. 5

(b) Distinguish between Gross Total Income and Total Income. 3

(c) State whether the following are capital receipts or revenue receipts. Give reason for each : 5

(i) Compensation received for compulsory vacation of place of business

(ii) Bonus shares received

(iii) Sales tax collected from purchasers of goods

(iv) Money received by a tyre manufacturing company for sale of technical know-how regarding manufacture of tyre

(v) Dividends and interest for investments

(d) Distinguish between Tax Avoidance and Tax Planning. 2

Or

(a) Give the meaning of income which accrues or arises in India. 3

(b) When is an individual said to be 'resident but not ordinarily resident' in India? 5

(c) What tests would you apply to distinguish capital receipts from revenue receipts? 5

(d) Distinguish between Previous Year and Assessment Year. 2

2. (a) Is it possible to have negative income under the head 'income from house property'? Explain. 2

(b) Mrs. *Z* (age : 50 years) is employed in Delhi by *A* Ltd., a private sector company. She gets ₹ 55,000 p.m. as salary and ₹ 10,000 p.a. as hard furnishing allowance. Besides, *A* Ltd. provides her a rent-free house at Delhi (house is owned by *A* Ltd. and original cost of furniture provided in the house is ₹ 90,000) for a part of the year. However, *A* Ltd. recovers ₹ 500 per month as rent of the house with effect from 1st January, 2024. Besides, the company gives two months' hard furnishing allowance as bonus.

The company has provided her a laptop with effect from 1st December, 2023 (cost to the employer : ₹65,000) and a music system (cost to the employer : ₹20,000) for her personal use.

Mrs. *Z* owns a 1200 cc car, which is used by her for official and private purposes. The employer company reimburses the entire expenditure of ₹44,000 during the Previous Year 2023–24. Logbook of the car is not maintained and it is not possible to find out expenditure attributable towards official use of the car.

A Ltd. maintains recognized provident fund and contributes ₹6,000 per month out of its pocket. Mrs. *Z*, however, contributes ₹7,500 per month. Mrs. *Z* deposits every year ₹60,000 in Sukanya Samriddhi A/c of her minor daughter.

Find out the taxable salary of Mrs. *Z* for the Assessment Year, 2024–25, assuming that she has opted not to be taxed u/s 115 BAC. 13

Or

(a) What is the meaning of 'leave salary'? Explain briefly. 3

(b) For the Assessment Year, 2024–25, Mr. *X* (age : 55 years) submits the following information :

House Property Income

Nature of occupation	*House—I* Let out for residence ₹	*House—II* Let out for business ₹
Fair rent (FR)	3,50,000	3,20,000
Municipal valuation (MV)	3,60,000	3,50,000
Standard rent (SR)	3,00,000	5,00,000
Annual rent	6,00,000	4,20,000
Unrealized rent of the Previous Year, 2023–24	10,000	80,000
Unrealized rent of the Previous Year, 2022–23	—	3,00,000
Vacant period (No. of months)	2	4
Loss on account of vacancy	1,00,000	1,40,000
Municipal taxes paid	40,000	50,000
Repairs	5,000	7,000
Insurance	20,000	30,000
Land revenue	25,000	40,000
Ground rent	66,000	82,000
Interest on capital borrowed by mortgaging House–*I* (funds are used for construction of House—*II*)	1,40,000	—

Determine the taxable income from house property of Mr. *X*. 12

3. *(a)* Define deemed capital gain. 3

(b) Mr. Sundar, a retail trader of Guwahati, gives the following Trading and Profit & Loss A/c for the year ending 31st March, 2024 :

	₹		₹
To Opening Stock	1,08,000	By Sales	11,50,500
" Purchases	9,46,000	" Miscellaneous Business Receipts	3,500
" Gross Profit	2,35,000	" Closing Stock	1,35,000
	12,89,000		12,89,000
To Salary	54,000	By Gross Profit	2,35,000
" Rent, Rates and Taxes	24,000	" Bank Interest	11,000
" Interest on Loan	10,000	" Interest from Debtors	50,000
" Depreciation	1,13,000	" Bad Debts recovered	10,000
" Advertisement	24,000		
" Sundry Expenses	2,940		
" Loss on Sale of Capital Assets (short-term)	9,000		
" Other Expenses	9,060		
" Net Profit	60,000		
	3,06,000		3,06,000

Additional Information :

(i) Opening Stock was under debited by 10% and Closing Stock was under credited by 10%

(ii) Salary includes ₹ 24,000 paid to his brother, which is unreasonable to the extent of ₹ 6,000

(iii) The whole amount of advertisement was paid in cash

(iv) The depreciation provided in the Profit & Loss A/c ₹ 1,13,000 was based on the following information :

The written-down value of Plant and Machinery is ₹ 3,60,000. A new plant having same rate of depreciation, i.e., 15% was bought on 11.06.2023 for ₹ 1,38,000. One old plant was sold on 11.01.2024 for ₹ 64,000

(v) Rent and Rates include GST liability of ₹ 4,100 paid on 07.07.2024

(vi) Other business receipts include ₹ 3,200 received as refund of GST relating to 2022–23

(vii) Other expenses include ₹ 4,000 paid as donation to a place of worship

Calculate business income of Mr. Sundar for the Assessment Year, 2024–25. 12

Or

(a) Distinguish between Short-term Capital Gain and Long-term Capital Gain. 3

(b) Mrs. Tayal, aged 46 years, furnishes the following particulars of her income for the Previous Year, 2023–24 :

	₹
Income from private tuition	2,95,000
Family pension ₹ 12,000 p.m.	1,44,000
Dividends received on 14.08.2023 from Zee Ltd. (net of TDS)	45,000
Interest received on fixed deposits from Andhra Bank (on 01.01.2024)	10,800
Income received on 31.12.2023 from units of a mutual fund	15,000
Interest received on debentures of Reliance Ltd.	45,000
Cash gift from Mr. Kunal, a family friend in March 2024	40,000
Winning from lottery (cost of lottery ticket ₹ 4,500)	84,000
Interest on Public Provident Fund A/c	35,000
Interest on National Savings Certificate (VIII series)	12,000

For the purpose of private tuition, she had taken a house on rent for which she paid ₹ 2,000 p.m.

Compute for her taxable income under the relevant head for the Assessment Year, 2024–25. 12

4. (a) Highlight the provisions relating to deductions from Gross Total Income of donations to certain funds, charitable institutions, etc., under Section 80(G) of the Income-tax Act. 5

(b) Dr. Giri aged 69 years has given the following details of his income. Compute his tax liability for the Assessment Year, 2024–25 : 10

	₹
Pension from Govt.	2,47,500
Salary from a Private Sector Company	6,50,000
Long-term capital gain	36,500
Interest on fixed deposit with bank	72,600
Deposited ₹ 10,000 in an Equity Linked Savings Schemes	10,000
Deposited in NSS 1992	10,000

Assume that he has opted not to be taxed u/s 115 BAC.

Or

(a) Discuss briefly the provisions of the Income-tax Act, regarding deductions to be made in computing the total income of an assessee in respect of certain payments. 5

(b) Calculate firm's income for the Assessment Year, 2024–25 from the information given below :

	₹
Net Profit as per Profit & Loss A/c (after debiting the following)	1,20,000
Salary to—	
A	1,60,000
B	1,40,000
Commission to A	1,20,000
Interest on Capital @ 15% to—	
A	30,000
B	15,000

The payment to partners A and B (who are working partners) have been made in accordance with the partnership deed whose certified copy has been submitted along with return of income for the Assessment Year, 2024–25. Also compute the individual income of partners A and B which is taxable. 10

5. (a) When does the liability to register arise under GST Act? Explain. 5

(b) Differentiate between Mixed Supplies and Composite Supplies. 3

(c) What records are to be maintained by a registered taxable person under GST? Explain. 7

(Continued)

Or

(a) Enumerate the provisions relating to constitution and functioning of GST Council. 5

(b) Write a note on composition levy scheme under the GST Act. 5

(c) Explain the essential characteristics of supply under GST. 5

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