



PARVATHANENI BRAHMAYYA
SIDDHARTHA COLLEGE OF ARTS & Science
Autonomous
Siddhartha Nagar, Vijayawada – 520010.
Re-accredited at 'A+' by the NAAC

23TPMAL122: Elementals of Income Tax

Year of Introduction: 2023-24

Offered to : B.Com Honours (Tax Procedures and Practice)

Major 4

Semester : II

75 Hours

Credits : 4

Course Objectives:

After completion students can be able to –

CO1: Impart knowledge on the provisions of income tax law and practice (**PO1**)

CO2: Acquire knowledge about tax rate schedule and residential status of an individual (**PO1,PO5**)

CO3: Illustrate various provisions of income from salary and computation of taxable salary (**PO5**)

CO4: Understand the computation of income from house property. (**PO5**)

CO5: Impart knowledge on specific deductions and compute Income from business. (**PO5**)

Mapping of Course Outcomes (COs) with Programme Outcomes (POs) & PSOs

CO	BTL	PO1	PO2	PO3	PO4	PO5	PO6	PSO1	PSO2	PSO3
CO1		3								
CO2		1				3				
CO3						3				
CO4						3				
CO5						3				

UNIT I Introduction to Tax

15 Hours

Meaning of Tax - Direct taxes and Indirect taxes - Central and State powers of taxation -Direct taxes - Indirect taxes and its power to levy

UNIT - II: Basic Concepts of Income Tax

15 Hours

History of Income Tax law - Important definitions - Assessment year, previous year, Assesse, Person, Income tax - Determination of residential status of an Assesse - Relationship between residential status and incidence of tax (Problems) Income exempt from tax. Tax treatment of Agricultural Income

UNIT –III Income from Salaries

18 Hours

Basis of charge of salary income - Forms of salary – Allowances- Perquisites and their valuation - Deductions from Salary.

UNIT - IV Income from House property:

12 Hours

Basis of charge - **Computation** of income taxable under the head -Deductions allowed

UNIT - V: Income under the head "profits and gains of business or profession": 15Hours

Basis of charge - Basic principles for arriving at Business income - Specific deductions and allowances - Allowable depreciation (Problems) - computation of Income under “Profits and gains from Business or profession”

Text Books:

1. Income tax - Law & Practice, Gaur & Narang Kalyani Publishers, New Delhi 63rd edition, 2023
2. Income tax law and practice , Taxmann publishers Vinod K.singhania & Kapil singhania 69th edition, 2023

Reference Books:

1. Direct Taxes ready reckoner , Dr. Vinod , K.singhania Taxmann publishers, 69th edition 2023
2. Income Tax Law & Practice Dr.S.P.Goyal , Sahithya Publications edition 64th edition 2023
3. ICAI study material, Institute of Chartered Accountants of India, 2024 edition

Structure of the I & II IA TEST Question Paper (30Marks)

Section A: Set 2 questions with internal choice one from (I & II units). Each question Carries 5 marks.

Section B: Set 5 questions with internal choice one from (III & IV units). Each question Carries 10 marks.

Structure of the SEE Question Paper (70 Marks)

Section A: Set 5 questions with internal choice one from each unit. Each question Carries 4 marks.

Section B: Set 5 questions with internal choice one from each unit. Each question Carries 10 marks.



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Model Paper

23TPMAL122: Elementals of Income Tax Offered to : B.Com Honours (Tax Procedures and Practice)

Year of Introduction: 2023-24

Major 4

Max. Marks: 70

II Semester

Time : 3 Hrs.

SECTION-A

Answer the following

5x4=20

- 1) a. what is Tax? explain objectives of tax.(CO1,L1)
or
b. Explain Central board of direct taxes.(CO1,L1)
- 2) a. Define Assessee and assessment year.(CO2,L1)
or
b. Write about incidence of Tax. (CO2,L1)
- 3) a. What are the Deductions u/s 16(CO3,L1)
or
b. Explain Commuted pension and uncommuted pension(CO3,L1)
- 4) a. Write about different types of rental values.(CO4,L1)
or
b. How to compute net annual value. (CO4,L1)
- 5) a. Define Business and Profession.(CO5,L1)
or
b. Classify Block of assets for depreciation (CO5,L4)

SECTION-B

Answer the following

5x10=50

- 6) a. Write about differences between direct tax and indirect tax. (CO1,L2)
Or
b. Write about central list of taxes. (CO1,L2)
- 7) a. Smt. Lohitha submitted the following details of income for the previous year 22-23
 - I) Salary received in INDIA from a former employer of DUBAI rs.6,80,000
 - II) Income from business in HONGKONG but controlled from CHINA RS.1,62,000
 - III) Income from property in INDIA, but received in U.K RS.2,79,000
 - IV) Income from property in BANGLADESH, but received in PAKISTAN RS.15,50,000
 - V) Income from property in BANGLADESH, but received in INDIA RS.9,30,000
 - VI) Income from business in NEPAL, but controlled from INDIA RS.62, 000
 - VII) Income received from company deposit in SRILANKA (1/3rd received in INDIA) RS.1, 86,000
 - VIII) Past untaxed foreign income brought into INDIA Rs40,000
 - IX) Profit from business in Gujarat, controlled from USA RS.6,20,000Compute the total income if her residential status is:
 1. Resident and ordinary resident
 2. Resident but not ordinary resident
 3. Non-resident.(CO2,L3)

Or

b. Raju submitted the following details of income for the previous year 22-23

- I) Salary received in ENGLAND from a former employer of INDIA Rs.500,000
- II) Income from business in INDIA but controlled from CHINA Rs.200,000
- III) Income from property in INDIA, but received in SRILANKA Rs.500,000
- IV) Income from property in BANGLADESH, but received in PAKISTAN RS.15,50,000
- V) Income from property in AMERICA, but received in INDIA RS.2,30,000
- VI) Income from business in NEPAL, but controlled from INDIA RS.62, 000
- VII) Income received from company deposit in NEPAL (1/3rd received in INDIA) RS.1, 86,000
- VIII) Past untaxed foreign income brought into INDIA.650,000
- IX) Profit from business in Gujarat, controlled from USA RS.6,20,000

Compute the total income if her residential status is:

- 1. Resident and ordinary resident
- 2. Resident but not ordinary resident
- 3. Non-resident.(CO2,L3).

8)a. Mr. M. Marketing manager of a company was working in Hyderabad (population above 25 lakhs).He has been provided rent free house in Hyderabad hired by company at Rs.3500 p.m. on 1-10-2017 he is transferred to cochin (population 15 lakhs) where he is provided with company owned rent free house from 1-10-2022.He stayed at cochin whereas his family stayed on in Hyderabad till 29february 2022. Compute the value of rent free house for the year ending on 31-3-2023 from the particulars given below:

Salary	Rs.30,000 p.m
Project allowance	Rs.2,000 p.m
Bonus (it include gratuitous bonus of Rs.15,000)	Rs.80,000
Commission on turnover achieved by him	Rs.24,500(CO3,L3)

Or

b. Shri.Sreenivas, a central government employee, received the following emoluments:

Basic pay Rs.35,000 per month; DA Rs.15,800 p.m Entertainment allowance Rs.6,000p.a he received education allowance for his son Rs.1,000 p.m. he is provided laptop costing Rs.50,000, small motor car,driver salary Rs.10,500 p.m. his construction to SPF 12% off salary and 10% by employer. Interest credited to SPF @8.5 is Rs. 3,200.the employer presented gifts worth Rs.11,000. The employer paid club membership fees Rs.13,800 for him and his family members. He paid professional tax Rs.3, 200.

Compute his Salary Income for the assessment year 2023-24 .(CO3,L3)

9) a. From the following particulars calculate Income from house property. (CO4,L3)

Particulars	Houae-1	House -2
Municipal value	8,000	20,000
Annual rent	Self-occupied	32,000
Local tax	1,600	4,000
Repairs charges	1,000	3,000
Insurance premium	50	200
Interest on loan for construction	1,180	1800
Unrealized rent(2014-15)	----	3000
Vacancy period	---	3Months

Or

b. From the particulars given below compute income from House property. **(CO4,L3)**

FRV	Rs.45,000
MRV	Rs.40,000
SRV	Rs.42,000
ARV	Rs.44,000
Unrealised rent	Rs. 2 months
Vacancy period	Rs.2 months
Interest on loan taken	Rs.10,000
Ground rent	Rs.500

10). a Smt. Sindhu is the owner of a business. From the following Profit & Loss A/c

Compute income under the head Profits & Gains of business:

Profit&Loss a/c for the year ending 31-3-2022.**(CO5,L3)**

Particulars	Rs	Particulars	Rs
To Salaries	83,000	By Gross profit	7,05,000
To Proprietor salary	10,000	By Rent	50,000
To Taxes & insurance	5,200	By Interest on bank deposits	10,000
To Advertisement	1,05,000	By Bad debts recovered	5,000
To Lighting	11,100	(out of this 3,000 is disallowed in earlier)	
To Cost of goods given under Warranty claims	7,500	By Export incentive received	37,500
To life insurance premium	3,200		
To Bad debts	2,500		
To Provision for doubtful debts	3,000		
To Interest on loan	16,000		
To Interest on capital	8,000		
To Penalties for violation of sales tax provisions	5,000		
To Depreciation	18,000		
To Net profit	5,30,000		
	8,07,500		8,07,500

b. 14) The following is the P/L A/c of Mr. Ranjit for the year ending 31st March 2022.

Particulars	Amount	Particulars	Amount
To Salaries	1,65,000	By Gross profit	2,50,000
To Office Exp.	18,000	By Bad debts recovered	10,000
To Depreciation	14,000	By Dividend	3,000
To Sales Tax	9,000	By Commission	10,000
To Legal Exp.	8,000	By Rent from house	9,000
To Income Tax	7,000	By Brokerage	10,000
To Patents purchased(1/8 th)	12,000	By Sundry receipts	5,000
To Repairs	6,000	By Share of income from HUF	3,000
To Donation	2,000		
To Pro. For bad debts	3,000		
To General Exp.	12,000		
To Net profit	44,000		
	3,00,000		3,00,000

Additional information: 1.Salary include 6,000 paid to worker at home 2. Legal exp. Include 1000/- paid for personal case 3. Out of bad debts recovered only 4000/- were allowed as deduction earlier . Compute his income from business for the A.Y 2023-2024**(CO5,L3)**