D 150217 **(Pages : 4)** **Name.....**

Reg. No.....

THIRD SEMESTER M.Com. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, NOVEMBER 2026

(CBCSS)

Master of Commerce

MCM 3C 12—INCOME TAX LAW, PRACTICE AND TAX PLANNING—I

(2019 Admission onwards)

Time : Three Hours Maximum : 30 Weightage

Answer should be written in English only.

Part A

Answer any **four** *questions.*
Each question carries 2 *weightage.*

1. What is capital expenditure ?
2. What is fair rental value ?
3. Explain AMT.
4. Explain tax management.
5. Explain the uses of PAN ?
6. What is regular assessment ?
7. During the previous year, Ms. Anjali received the following cash gifts. Determine the taxable amount of gifts under the head 'Income from Other Sources :
   a) Rs. 30,000 from her friend on her birthday.
   b) Rs. 50,000 from her brother.
   c) Rs. 25,000 from her father's friend.

(4 × 2 = 8 weightage)

Turn over

Part B

Answer any **four** *questions.*
Each question carries 3 *weightage.*

8. What are the benefits of tax planning ?

9. Mr. Rajan is employed in a company, getting basic pay of Rs. 20,000 p.m. and dearness allowance of Rs. 7,000. The employer has paid a bonusof Rs. 500 p.m., commission at 1 % on the sales turnover of Rs. 20 lakhs. He gets a children's education allowance of Rs. 400 p.m. for his child. During the year, he received a uniform allowance of Rs. 5,000, but actually spent for the uniform was Rs. 3,500. Also getting a fixed medical allowance of Rs. 700 p.m. Compute the taxable salary.

10. From the following information, compute income from house property :

    a) Municipal valuation - Rs. 1,00,000

    b) Fair rental value - Rs. 1,40,000

    c) Standard rent - Rs. 1,20,000

    d) Municipal tax (paid by tenant) - Rs. 10,000

    e) The house was self-occupied for four months and let out at a monthly rent of Rs. 12,000 for the remaining months.

    f) The assessee paid Rs. 30,000 interest for the construction of the house during the previous year.

11. The following information relating to the income of Mr. Nikhil during the previous year :

    a) Agricultural income from Haryana - Rs. 50,000

    b) Amount received from sub-letting of house - Rs. 10,000 (municipal tax paid -Rs. 2,000)

    c) Dividend from Indian company - Rs. 1,10,000

    d) Dividend from foreign company - Rs. 2,00,000

    e) Income from consultancy service - Rs. 1,00,000

    f) Agricultural income from USA - Rs. 1,50,000

    g) Income from stone quarry in Maharashtra - Rs. 1,50,000

    h) Expenses of stone quarry - Rs. 1,10,000

12. Mr. Anand purchased a house property in August 2002 for Rs. 5,00,000. In May 2005, he constructed a new floor on the same house for Rs. 2,500,000. In October 2025, he sold the property for Rs. 28,00,000 and incurred brokerage @ 2 % for arranging the buyer. Compute capital gain. (CII: 2002 - 105, 2005 - 117, 2025 - 376)

13. Mr. Madhav, an individual, has income under the head salary of Rs. 10,00,000 and long-term capital of Rs. 1,00,000. He makes the following investments and donations with the aim of saving on taxes. Compute the total income.

    a) Investments in NSCs - Rs. 20,000

    b) Contribution to national defence fund - Rs. 8,000

    c) National illness assistance fund Rs. 7,000

    d) National cultural fund - Rs. 15,000

    e) Rajiv Gandhi foundation - Rs. 8,000

    f) Paid to the state government for family planning - Rs. 60,000

14. Mr. Fancis has the following incomes during the previous year. Compute the total income of Mr. Francis if he is : (a) resident, (b) not ordinarily resident and (c) non-resident.

    a) Income from salary in india, received in USA - Rs. 5,50,000

    b) Dividend from Indian company received in England - Rs. 1,00,000

    c) Income from house property received in England - Rs. 20,000

    d) Dividend from foreign company received in England and deposited there - Rs. 20,000

    e) Income from business in USA - Rs. 1,20,000

    f) Income earned and received in Australia - Rs. 2,50,000

(4 × 3 = 12 weightage)

Part C

Answer any **two** *questions.*
Each question carries 5 *weightage.*

15. Explain the incomes chargeable under the head 'income from other sources'.

16. What is clubbing of income ? Explain the situations where clubbing is done.

Turn over

17. Mr Ramees furnished the following details regarding his let-out house property. Compute taxable income under the head of income from house property :

Particulars		Amount
Municipal valuation	...	4,10,000
Fair rental value	...	4,00,000
Standard rent	...	3,50,000
Actual rent	...	5,20,000
Unrealized rent	...	50,000
Loss due to vacancy	...	25,000
Municipal taxes paid	...	10,000
Interest on loan borrowed for construction	...	27,500
Pre-construction period interest(total)	...	1,00,000

18. Mr. Karthikeyan, the Karta of a Hindu Undivided Family, gives you the following information. Compute the total income of the H.U.F.

- Income from family business Rs. 2,00,000
- Income from salary Rs. 1,50,000
- Director's fee received by Karta Rs. 36,000
- Annual rent of the let-out house of the family is Rs. 48,000
- Interest on bank deposit (FD) in the names of family members, Rs. 40,000
- Long-term capital gains of Rs. 25,000
- Municipal taxes paid for the let house Rs. 5,000 (10% of Municipal valuation)
- Insurance premium paid for the members of the family is Rs. 10,000.
- Donation to Chief Minister's relief fund, Rs. 20,000.

(2 × 5 = 10 weightage)

D 150217–A **(Pages : 4)** **Name.....**

Reg. No.....

THIRD SEMESTER M.Com. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, NOVEMBER 2026

(CBCSS)

Master of Commerce

MCM 3C 12—INCOME TAX LAW, PRACTICE AND TAX PLANNING—I

(2019 Admission onwards)

(Multiple Choice Questions for SDE Candidates)

Time : 20 Minutes	**Total No. of Questions : 20**	**Maximum : 5 Weightage**

INSTRUCTIONS TO THE CANDIDATE

1. This Question Paper carries Multiple Choice Questions from 1 to 20.
2. The candidate should check that the question paper supplied to him/her contains all the 20 questions in serial order.
3. Each question is provided with choices (A), (B), (C) and (D) having one correct answer. Choose the correct answer and enter it in the main answer-book.
4. The MCQ question paper will be supplied after the completion of the descriptive examination.

MCM 3C 12—INCOME TAX LAW, PRACTICE AND TAX PLANNING—I

(Multiple Choice Questions for SDE Candidates)

1. Income Tax Act came into force with effect from ————.

   (A) 1st April 1935. (B) 1st April 1961.

   (C) 1st April 1962. (D) 1st January 1962.

2. Previous year is defined in ————.

   (A) Section 2 (34). (B) Section 2 (9).

   (C) Section 3. (D) Section 4.

3. A person includes.

   (A) Individual and HUF. (B) AOP/BOI, LA, Every AJP.

   (C) Firm and Company. (D) All of the above.

4. In which of the following cases, income of previous year is assessable in the previous year itself ?

   (A) A person in employment.

   (B) A person engaged in illegal business.

   (C) A person who is running charitable business.

   (D) A person leaving India permanently.

5. Rent free accommodation provided to the government employees shall be taxable up to :

   (A) 20 % of the employee's salary.

   (B) 15 % of the employee's salary.

   (C) License fee fixed by the government.

   (D) 10 % of the employee's salary.

6. X is employed in a private company at a salary of Rs. 70,000 per month and Rs. 10,000 per month as dearness pay. He received Rs. 2,000 per month as house rent allowance.

   He paid Rs. 2,500 per month as house rent. What is the exempted portion of house rent allowance ?

   (A) Rs. 2,500. (B) Rs. 2,000.

   (C) Rs. 1,000. (D) NIL.

7. Provident fund received by government employee is :

(A) Fully exempted. (B) Partly exempted.

(C) Fully taxable. (D) Partly taxable..

8. State which of the following income are taxable :

(A) Foreign allowance. (B) Allowance from UNO.

(C) Sumptuary allowance. (D) House rent allowances.

9. A deduction of 30 % annual value is allowed in case of :

(A) Residential house. (B) Let out house.

(C) All houses. (D) Rural houses.

10. Given that : Fair rent of a let out house property is Rs. 75,000. Its municipal value is Rs. 60,000, standard rent is Rs. 72,000 and actual rent received is Rs. 63,000. What is the GAV of the house property ?

(A) Rs. 60,000. (B) Rs. 63,000.

(C) Rs. 72,000. (D) Rs. 75,000.

11. Food provided by the employer at the place of work to a specified employee of the value Rs. 60 per meal for 100 days during the PY. The amount taxable will be

(A) Rs. 6,000. (B) Rs. 5,000.

(C) Rs. 1,000. (D) NIL.

12. Annual value of self-occupied house will be :

(A) Rs. 30,000 (B) Rs. 2,00,000

(C) 30 % of the GAV. (D) NIL.

13. The income from the sale of a machinery used in business is treated as :

(A) Income from business and profession.

(B) Short-term capital gain.

(C) Long-term capital gain.

(D) Income from other source.

14. The statutory limit for deduction u/s 80 GG of Income tax Act, 1961, for the assessment year 2020-21 is :

(A) Rs. 2,000 per month. (B) Rs. 3,000 per month

(C) Rs. 2,500 per month. (D) Rs. 5,000 per month.

15. Awards received by a professional cricket player for his performance in cricket matches.

(A) Is exempted from tax.

(B) Is taxable under the head salary.

(C) Is taxable under the head other sources.

(D) Is taxable under the head income from business or profession.

16. Which of the following is not a taxable income ?

(A) Winning from lotteries.

(B) Winning from crossword puzzles

(C) Encashment of earned leave by a retired government employee.

(D) Winning from horse races.

17. The head of income under which interest on securities is charged to tax is :

(A) House property. (B) Business or profession.

(C) Capital gain. (D) Income from other sources.

18. A group of asset falling same rate of depreciation is called ————.

(A) Group of assets. (B) Black asset.

(C) Depreciable asset. (D) Block of asset.

19. Under income tax Act 1961, unabsorbed depreciation can be carried forward for set-off purpose.

(A) For 4 years. (B) For 5 years.

(C) For 8 Years. (D) For unspecified period.

20. ———— is the apex body in the direct tax setup.

(A) Central Board of Direct Taxes. (B) Chief Commissioner of Income Tax.

(C) Directors of income tax. (D) Additional directors of income tax.