D6BHC2303 (PAGES: 4) **Reg. No.............................**

Name: ....

SIXTH SEMESTER UG DEGREE EXAMINATION, APRIL 2026

(Regular/Improvement/Supplementary)

B.COM. HONOURS

GBCH6B25T: INCOME TAX LAW AND PRACTICE

Time: 3 Hours **Maximum Marks: 80**

Part A: Answer *all* the following questions. Each carries *one* mark.

Choose the Correct Answer.

1. A "Perquisite" is ____________.
   A) A salary allowance C) An allowance given in cash
   B) A benefit granted in addition to salary D) A bonus paid at year-end
2. What is the maximum limit of deduction for interest on housing loan for self-occupied property?
   A) No limit B) ₹1,50,000 C) ₹2,00,000 D) ₹2,50,000
3. Depreciation on building (let-out) is allowed at ________.
   A) 5% p.a. B) 10% p.a. C) 20% p.a. D) No depreciation allowed on building
4. "Profit and Gains of Business or Profession" is income from:
   A) Trade, business, profession C) Only trade
   B) Only profession D) Only capital gains
5. Which of the following is NOT a capital asset:
   A) Shares of a company B) House property C) Inventory of a trade D) Vehicle

Fill in the Blanks.

6. Employer's contribution to Recognized Provident Fund is exempt from tax up to _____________ % of salary or ₹1,50,000 per annum, whichever is lower.
7. Interest on capital employed in business is _____________ (allowed/not allowed) as deduction
8. A capital asset held for _____________ years (for property other than securities) is classified as long-term.
9. "Grossing up" of income is done when income is received after _____________ deduction.
10. Deductions from gross total income are allowed under Sections _____________ to _____________ of the Income Tax Act.

(10 × 1 = 10 Marks)

(PTO)

Part B. Answer any *eight* questions. Each carries *two* marks.

11. What is the meaning of "Assessment Year" and "Previous Year"? Give an example.
12. Write any two differences between LTCG and STCG?
13. What is Gratuity? How much is exempt from tax?
14. What is casual income? Give an example.
15. Explain the concept of Gross Total Income (GTI). How is it computed?
16. What is Profit in Lieu of Salary?
17. What is Long Term Capital Asset?
18. Define Assessee. State who can be an assessee under the Income Tax Act?
19. What is Bond Washing Transaction?
20. Who is a "Resident but not Ordinarily Resident" (RNOR)

(8 × 2 = 16 Marks)

Part C. Answer any *six* questions. Each carries *four* marks.

21. Mr. Kennedy, a foreign national came to India for the first time on 9th November 2023 and set up an agency business in Mumbai. He stayed Mumbai up to 15th March 2024 and in Delhi up to 15th June 2024. He left India on 16th June 2024 to seek business abroad. He returned to India on 15th June 2025.

    Determine the residential status for the previous year's relevant to the A.Y 2025- 26.
22. A house was purchased on 1st April 2012 for ₹15,00,000. Improvement cost of ₹3,00,000 was incurred in June 2017. The house is sold on 31st March 2025 for ₹45,00,000. Calculate long-term capital gain?(Index 2012-200, 2017-272)
23. Mr. Rajesh has a Gross Total Income of ₹10,00,000. He made the following donations during the financial year:
    - Donation to Prime Minister's National Relief Fund: ₹1,50,000
    - Donation to approved religious organization: ₹80,000
    - Donation to approved educational institution: ₹1,20,000
    - Donation to political party: ₹50,000

    Compute the tax liability of Mr. Rajesh.
24. An investor purchased equity shares for ₹5,00,000 on 15th August 2022. The shares were sold on 20th September 2024 for ₹7,50,000. Calculate the short-term capital gain and tax.

25. A building was purchased on 1st May 2010 for ₹20,00,000. Cost of improvement on 1st June 2018 was ₹5,00,000. Building is sold on 31st July 2025 for ₹50,00,000. Calculate long-term capital gain? (Indexation factor 2010 -167, 2018-280)

26. Mr. Vikram has the following for A.Y. 2024-25:

- Business income: ₹10,00,000
- Loss from business (another business): (₹6,00,000)
- Salary: ₹3,00,000
- Loss from house property: (₹2,00,000)
- Capital gain: ₹1,50,000

Compute total tax liability of Mr. Vikram.

27. Mr. Rajesh receives the following salary details:

- Basic salary: ₹40,000 p.m.
- Dearness Allowance: ₹8,000 p.m. (50% form part of retirement benefit)
- House Rent Allowance: ₹12,000 p.m.
- Rent actually paid: ₹10,000 p.m.

Calculate (i) HRA exemption, (ii) HRA taxable

28. Mr. Ajay owns a house property with the following details:

- Fair Rent: ₹2,00,000 p.a.
- Municipal Rent (property tax value): ₹1,80,000 p.a.
- Standard Rent (government-fixed): ₹1,90,000 p.a.
- Property tax paid: ₹30,000
- Repair and maintenance (estimated 30%): ₹60,000
- Interest on loan: ₹80,000

Calculate Income from house property.

(6 × 4 = 24 Marks)

Part D. Answer any *two* questions. Each carries *fifteen* marks.

29. Explain Carry Forward Set-off and of Losses?

(PTO)

30. From the following information of Mr. A (non-government employee in a non-metro city) for the P.Y. 2024-25, compute his income from salary:

- Basic salary: ₹60,000 p.m.
- Dearness allowance (forming part of retirement benefits): ₹12,000 p.m.
- HRA: ₹20,000 p.m.; rent paid for a house in the same city: ₹22,000 p.m.
- Bonus: two months' basic salary (paid in March).
- Employer provides rent-free unfurnished accommodation in a building owned by the employer. Fair rent of the accommodation is ₹25,000 p.m.
- Employer's contribution to recognised provident fund: 15% of basic salary; employee contributes an equal amount.
- Interest credited to RPF @ 11% p.a.; balance in the fund at the beginning of the year was ₹10,00,000.
- Mr. A deposits ₹1,00,000 in PPF and pays life insurance premium of ₹70,000 (eligible u/s 80C).
- Compute Income from Salaries and Total Income, assuming no other income.

31. Dr. Kumar is a medical practitioner in Mangalore. From the following calculate his income from profession for the assessment year 2025-26.

1. Gross receipts from dispensary	2,35,000
2. Gross receipts from consultation	1,65,000
3. Operation fees	2,50,000
4. Visiting fees	50,000
5. Gifts from patients	30,000
6. Medicines purchased	1,25,000
7. Closing stock of medicine	35,000
8. Salaries paid to employees	1,50,000
9. Surgical equipment purchased	48,000

10. Dr. Jishnu wants to attend a medical seminar in Germany to update the knowledge and spent 25,000 on it.
11. He owns a house whose municipal value is ₹50,000. Half portion of the house is used for profession. Expenses paid on the house: Municipal tax 10% of M.V. Repair 10,000: Renovation expenditure ₹30,000
12. Medical Books Purchased ₹20,000

(2 × 15 = 30 Marks)