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**Avinashilingam Institute for Home Science and Higher Education for Women**

Deemed to be University Estd. u/s 3 of UGC Act 1956, Category A by MHRD (now MoE)

Re-accredited with A++ Grade by NAAC. CGPA 3.65/4, Category I by UGC

Coimbatore - 641 043, Tamil Nadu, India

**Bachelor's Degree Examination – November 2025**

**V Semester**

**Class : III UG  
Major : B.Com CA**

**Time: 3 Hours  
Max. Marks: 100**

**23BCCC10 Direct Tax Law and Practice**

**Course Outcomes :**

- CO1:** Comprehend the concepts of taxation, including assessment year, previous year, assesses, personal income, total income, agricultural income and determine the Residential status of persons
- CO2:** Calculate income under the heads salary, applying the charging provisions, allowances, exemptions and deductions.
- CO3:** Compute income under house property and profit and gains of business or profession.
- CO4:** Apply the clubbing provisions and provisions relating to Set-off and Carry Forward of Losses to determine the Gross Total Income.
- CO5:** Comprehend the provisions relating to filing of return of income and calculate the tax liability of individual as well as determine the total income of an individual.

**Part A**

**10 x 1 = 10**

**Choose the Correct Answer**

1. An ----- is imposed on one person, but paid partly or wholly by another. CO1K1
  - a. Direct tax
  - b. In direct tax
  - c. Customs duty
  - d. Sales tax
2. ----- tax is an example for direct tax. CO1K1
  - a. Income tax
  - b. Excise duties
  - c. Sales tax
  - d. Indirect tax
3. Allowances received by a government employee posted abroad are CO2K2
  - a. Fully exempted
  - b. Partly exempted
  - c. Fully taxable
  - d. Taxable by the country where he employed
4. Education cess on tax payable is at CO2K2
  - a. 2%
  - b. 1%
  - c. 5%
  - d. 4%
5. Municipal taxes are deductible on CO3K3
  - a. Payment basis
  - b. Accrual basis
  - c. Due basis
  - d. Not allowed
6. Exempted rent cannot exceed CO3K3
  - a. Municipal rent
  - b. Fair rental value
  - c. Actual Rental value
  - d. Standard Rental value
7. Long term capital gain on sale of unlisted shares are CO4K4
  - a. Taxable
  - b. Exempted
  - c. Not Listed
  - d. Partly listed
8. Dividends from co-operative society are CO4K4
  - a. Exempted
  - b. Taxable
  - c. Partly taxable
  - d. Taxable at 20%
9. Unabsorbed depreciation can be carried forward for CO5K5
  - a. 8 years
  - b. 4 years
  - c. 10 years
  - d. Unlimited period
10. Speculation loss can be set-off against CO5K5
  - a. Salary income
  - b. House property income
  - c. Speculation income
  - d. Another business income

**Part B**

**5 x 6 = 30**

**Answer ALL questions**

**Each answer should not exceed 400 words or two pages**

- 11.a. Following are the incomes of Mr.G for the previous year. Calculate his taxable income on the assumption that he is (a) Ordinary Resident (b) Not ordinary resident and (C) Non-resident. CO1K1

S.No.	Particulars	Amount(Rs.)
1	Profit from business carried from Hyderabad	50,000
2	Income accrued in India but received in Hongkong	75,000
3	Past untaxed income brought into India during this previous year	42,000
4	Income from house property situated in Srilanka	48,000
5	Income from agriculture in USA	1,00,000

11.b. Explain the types of residential status.

CO1K1

12.a. Mr.Kannan is employed at Amritsar on a salary of Rs.3,000 p.m. The employer is paying H.R.A. of Rs.350 p.m. but the actual rent paid by him (employee) is Rs.500 p.m. He is also getting 2% Commission on turn over achieved by him and turnover is Rs.1,50,000. Calculate House Rent Allowance.

CO2K2

(or)

12.b. Mr. A receives Rs. 63,500 p.a. as net salary. Employer had deducted Rs. 7,500 as Employee's contribution to R.P.F. Rs. 1,300 p.a. as tax deducted at source and Rs. 1,200 p.a as professional tax. During the year employer had deducted Rs. 2,500 towards the recovery of house building advance taken by Mr.A. Calculate Salary of Mr.A.

CO2K2

13.a. Calculate Gross Annual Value from following information.

CO3K3

Particulars	Amount (Rs.)
MRV	80,000
FRV	1,00,000
Standard Rent	70,000
Actual Rent	1,20,000

It is assumed that both the houses were let out throughout the year and there was also no unrealized rent.

(or)

13.b. Mr. Raja & Company is Chartered Accountants in Delhi. They have submitted the following Income and Expenditure Account for the year. Compute the income from profession.

CO3K3

Expenses	Amount (Rs.)	Income	Amount(Rs.)
To Drawings	48,000	By Audit fees	2,24,000
To Office rent	42,000	By Financial Consultancy service	98,000
To Telephone installation charges under O.Y.T. scheme	15,000	By Dividends from an Indian Company (Gross)	6,000
To Electricity Bill	4,200	By Dividend on units of UTI	4,000
To Salary to staff	66,000	By Accountancy works	24,000
To Charities	1,200		
To Gifts given to relatives	9,600		
To Car expenses	21,000		
To Subscription to Journals	2,500		
To Institute fee	1,200		
To Stipends given to trainees	12,000		
To Net Income	1,33,300		
	3,56,000		3,56,000

Notes: 1. Depreciation of car during the year amounts to Rs.5, 000

2. 30% of the time car is used for personal purposes.

14.a. Ganesan furnishes the following particulars of his income for the previous year 2023-24.

Compute his income from other sources for the Assessment year 2024-25.

CO4K4

- Dividend (gross) from Ashok Leyland Ltd. Rs. 25,000.
- Dividend from a co-operative society Rs. 5,000
- Interim dividend from Rane (Madras) Ltd. 6,000
- Dividend from a foreign company 26,000
- Dividend from U.T.I Rs. 3,000.

(or)

14.b. Mrs. S acquired property on 15-12-1999 for Rs. 5,00,000 which was sold on 15-5-24 for Rs. 38,00,000. Expenses on transfer were Rs. 20,000. She invests Rs. 6,00,000 in the bonds of NHA1 of on 16.10.24 compute the capital gain for the Assessment Year 25-26.

CO4K4

15.a. From the following particulars of income of assessee A, how the capital losses shall be set-off and carried forward for the previous year ending on 31-3-2024.

CO5K4

Particulars	Rs.
Business income	15,000
Short term capital loss	1,200
Long term capital gain (shares)	7,200
Long term capital gain on sale of jewellery	20,000

15.b. Calculate the total income of Ms. Sreepriya from the following:

CO5K4

Particulars	Amount(Rs.)
House property loss	70,000
Long-term capital loss	15,000
Short-term capital gain	40,000
Other sources income	30,000

**Part C**

**5 x 12 = 60**

**Answer ALL questions**

**Each answer should not exceed 800 words or four pages**

16.a. Distinguish between direct taxes and indirect taxes.

CO1K1

(or)

16.b. Which of the following income are taxable when the residential status of Mr. Logu is

(i) Resident (ii) Not-Ordinarily Resident and (iii) Non-Resident

CO1K1

S.No.	Particulars	Amount (Rs.)
1.	Income accrued in Canada but received in India	2,000
2.	Rs.5,000 were earned in Africa and received there but brought to India	-
3.	Rs.5,000 earned in India but received in Canada	-
4.	Rs.10,000 earned and received in Srilanka from a business controlled from India	-
5.	House property income (Computed ) from Srilanka	2,000
6.	Rs.4,000 was past untaxed foreign income which was brought to India during the previous year	-
7.	Profit earned from a business in Kanpur	10,000

17.a. Mr.Jai is employed in ABC Ltd., Bangalore. He gets the following emoluments.

CO2K3

Basic salary	Rs. 12,500 P.M
DA (Forming part)	Rs. 6,000 P.M
Bonus	Rs. 5,000
Fees	Rs. 1,000
2% Commission on turnover Achieved (Turnover achieved Rs. 1,50,000)	
HRA	Rs. 7,250 P.M (Rent paid Rs.6,400 P.M)
EA	Rs.4,000 P.M

Calculate Gross Salary.

(or)

17.b. Mr.M is a production manager of an industrial unit at Chennai. The particulars of his salary income as under:

CO2K3

Particulars	Amount (Rs.)
Basic Salary	15,000 p.m
Dearness allowance (given under the terms of employment)	5,000 p.m
Entertainment allowance	1,000 p.m
Medical allowance	500 p.m
House Rent Allowance	4,000 p.m
Rent paid for the house	5,000 p.m
Car of 1.2 litre capacity provided by employer for private and official use.	
Employer meets expenses of car.	
He and his employer (each) contribute 15% of salary to R.P.F.	
Mr.M had taken interest free loan of Rs. 15,000 to purchase refrigerator.	

Compute income under the head salary for the assessment year 2025-26.

18.a. Mr.Ram is the owner of a house property in Kanpur. It has been let out for Rs.90,000. The tax payable by the owner comes to Rs.8,400 on municipal valuation of Rs.84,000 but the landlord has taken an agreement from the tenant stating that the tenant would pay tax direct to the municipality. The landlord, however, bears the following expenses on tenant's amenities:

CO4 K2

Particulars	Amount (Rs.)
Water charges (as per agreement)	1,000
Life maintenance	1,000
Salary of gardener	1,200
Lighting of stairs	800

The landlord claims the following deductions:

Particulars	Rs.
Repairs	30,000
Land revenue	1,000
Collection charges	2,000
Legal charges incurred on purchase of land on which house property is situated	24,000

Compute the taxable income from house property.

(or)

- 18.b. From the following, compute the taxable income under the head income from business, profit before adjusting the following items is Rs. 5,50,000. CO4K2

Particulars	Amount (Rs.)
Administrative expenses	10,000
Trade expenses	5,000
House hold expenses	3,000
Discount allowed	4,000
Income tax	400
Provision for bad debts	2,000
Bad debts	3,000
Donation to P.M. National relief fund	4,000
Legal fee	200

- 19.a. Betting on horse racing Rs. 1,000 CO3K3  
 Compute 'Income from other sources' from the following information for the Assessment year 25-26.

I. Amounts won from:

Lottery	Rs. 80,000
Betting on horse racing	Rs. 8,000

II. Amounts Received from:

Lottery	Rs. 63,000
Betting on horse racing	Rs. 42,000

III. Income From:

Lottery	Rs. 1,800
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(or)

- 19.b. Mr. Gobi owns horses at Bombay and Bangalore. These horses run for races at the race course. During the year 2024-25 Mr. Gobi submits the following information. CO3K3

S.No	Particulars	Amount (Rs)
1	Expenses on race horses at Bombay	2,60,000
2	Expenses on race horses at Bangalore	4,30,000
3	Stake money earned by horses at (a) Bombay (b) Bangalore	1,20,000 5,00,000
4	Mr. Gobi received Rs.1,50,000 on 1-7-2024 on betting during horse races at Bombay.	-

Compute his taxable income under other sources.

- 20.a. The following are the particulars of income/loss of Mr. A. You are required to set-off losses and carry forward and set-off when necessary. CO3K3

Particulars	Assessment year 2024-25	Assessment year 2025-26
Income from salary (computed)	15,000	15,000
Income from interest on securities (Gross)	5,000	5,000
Loss from business	53,000	15,000
Short term capital gain	8,000	-
Long-term capital gain	21,000	-

(or)

- 20.b. The following are the particulars of income and loss of an individual under different heads of income. Set-off losses in the assessment year 2025-26 and find out the net result: CO3K3

Particulars	Amount (Rs.)
Income from house property A	5,000
Loss from house property B	(-) 8,000
Income from interest on securities	20,000
Loss from a cycle business	(-) 20,000
Profit from speculation business	20,000
Loss from short-term capital asset	(-) 6,000
Income from salary	(-) 25,000