



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

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

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

Coimbatore-641043, Tamil Nadu, India

### Continuous Internal Assessment I – August 2025 III Semester

Class : II UG

Major : B.Com Professional Accounting

Time : 2 Hrs

Max. Marks : 60

#### 23BCPSE1A Direct Tax Laws

#### Course Outcomes:

- CO1: Comprehend the concepts of taxation, including assessment year, previous year, assesses, person, income, total income, agricultural income and determine the residential status of persons
- CO2: Compute income under different heads, applying the charging provisions, deeming provisions, exemptions and deductions;
- CO3: Apply the clubbing provisions and provisions relating to set-off and carry forward of losses to determine the gross total income;
- CO4: Calculate the tax liability of an individual and HUF as well as deductions from gross total income and determine the total income of an individual and HUF
- CO5: Comprehend the provisions relating to filing of return of income.

#### Part A

#### Choose the correct answer

6 x 1 = 6

- Highest Administrative Authority for Income Tax in India is .  
a) Finance Minister  
b) CBDT  
c) President of India  
d) Director of Income Tax  
CO1K1
- The basic source of income-tax law is .  
a) Income-tax Act, 1961  
b) Income-tax Rules, 1962  
c) Circulars/Notifications  
d) Judgments of Courts  
CO1K1
- Share of the profits from the firm by the partner is:  
a) Fully taxable  
b) Fully Exempt u/s 10(2A)  
c) Fully taxable u/h "Salary"  
d) Exempt upto Rs. 2.5 lacs  
CO2K2
- Health and Education Cess is leviable at –  
a) 4%  
b) 5%  
c) 3%  
d) 1%  
CO2K1
- Salary paid to MLAs and MPs are charged under the head  
a) Salaries  
b) Business Income  
c) Other Sources  
d) Its exempt from tax  
CO3K2
- Under the head Business & Profession, the method of accounting which an assessee can follow shall be  
a) Mercantile System only  
b) Cash System only  
c) Mercantile or Cash System at the assessee's discretion  
d) Hybrid System  
CO3K1

#### Part B

3 x 6 = 18

#### Answer ALL Questions

Each answer should not exceed 400 words or two pages

- 7.a. Explain the various features of income tax in India.  
(or)  
CO1K2
- 7.b. Following are the incomes of Sri Rathnam for the previous year 2024-2025:  
CO1K2

PURTICULARS	AMOUNT(Rs.)
Profit from the business in Bangalore	10,000
Income accrued in India but received in Japan	4,000
Profit from business in Canada but received in India	5,000
Income from house property in Karachi received in Bombay	4,000
Profit from business established in England and deposited there, the business being controlled from India	20,000
Income from house property in America and deposited there	2,000
Past untaxed income brought into India during the previous year	10,000

Compute the total income of Shri Rathnam for the assessment year 2025-2026 if he is (a) Resident, (b) Not Ordinarily Resident, (c) Non- Resident.

8.a. Mr. Hari is employed at Amritsar on a salary of Rs. 30,000 p.m. The employer is paying H.R.A. of Rs. 8,000 p.m. but the actual rent paid by him (employee) is Rs. 12,000 p.m. He is also getting 2% Commission on turnover achieved by him and turnover is Rs. 50,00,000. Calculate his Gross salary under old tax regime. CO2K3

(or)

8.b. (i) Mr. R. has a self-occupied house at Pune where Rent Control Act is applicable. Its MRV is Rs. 1,08,000 p.a. and FRV is 1,20,000 p.a. Standard Rent is Rs. 1,02,000. Compute ERV  
(ii) In above case what difference it will make if Rent Control Act is not applicable and Standard Rent is not given. CO2K2

9.a. Calculate taxable profit of an individual assessee for the assessment year 2025-2026 from the particulars given below under old tax regime. CO3K3

Profit for the previous year 2024-2025 (Before charging for the following amount) Rs. 2,60,000

- i. Amount given to Punjab university for research in the field of social sciences Rs. 25,000
- ii. Cost of land acquired for constructing research laboratory Rs. 1,00,000
- iii. Cost of building and P&M required for research Rs. 3,50,000
- iv. Amount given as salary to staff engaged in research (relating to a field not related to assessee's own business) during 2024-2025 (Business started on 1-4-2024) Rs. 30,000
- v. Salary given to staff engaged in research within assessee's own premises during 2024-2025 Rs. 60,000.

(or)

9.b. Mr. D. owns a house at Vijay Nagar and submits the following particulars: CO3K2

Rent received Rs. 1,75,000

Standard Rent Rs. 1,60,000

Municipal Valuation Rs. 1,72,000

Fair Rental Value Rs. 1,70,000

Municipal Taxes

12% of municipal rental value + 2% of municipal taxes as Sanitation Surcharge

Compute net annual value.

### Part C

3x12=36

#### Answer ALL questions

Each answer should not exceed 800 words or four pages

10. a. Describe the residential status of an Individual. CO1K3

(or)

10.b. The following are the Income of Mr. Sarvan Gupta for the previous year 2024-2025: CO1K2

Particulars	Amount(Rs.)
Dividend from Indian Company	10,000
Profit from business in Japan received in India	1,20,000
Profit from business in Pakistan deposited in a bank there. This business controlled from India	2,00,000
Profit from business in Indore (Controlled by London Head Office)	1,10,000
Interest received from a non-resident Mr. Rahim, on the loan provided to him for a business carried on in India	50,000
Income was earned in America and received there, but brought in India	80,000
Share of income from Indian partnership firm	1,50,000
Income from house property in India received in America (computed)	62,000
Interest on debentures of an Indian company received in Dubai	25,000
Capital Gain on sale of agricultural land situated at Ajmer	48,000

Compute his taxable income, if he is (a) Resident, (b) Not-ordinarily resident, (c) Non-Resident.

11. a. Mr. Raju, a surgeon in a government hospital, retired on 31-7-2024. He joined as adviser (part time) from 1-9-2024. His other particulars for the year ending 31-3-2025 are: CO2K3

PARTICULARS	AMOUNT(Rs.)
Salary during government service	5,76,000
House rent allowance (living in own house)	96,000
Gratuity received	5,72,000
Leave encashment on retirement	1,20,000
Commuted value of pension	1,50,000
Expenses on Books and journals	15,000
Pension	2,16,000
Amount received as adviser	1,50,000

Compute his income under the head 'salary' under new tax regime.

(or)

11. b. MRV of the residential house is Rs. 24,000 and actual rent is Rs. 2,500 p.m. During the previous year 2024-2025 house was vacant for two months. The Municipal Taxes are @ 10% of MRV. During the year owner paid Rs. 30,000 as arrears of municipal Taxes. Interest on loan taken for the construction of house payable to his employer is Rs. 16,000. Compute income from house 0 property under new tax regime

12. a. Mr. Rawat gives you the following particulars from his accounts for the year ended 31-3-2025:

PARTICULARS	AMOUNT(Rs.)
Net profit as per P&L account(without charging the following items)	2,75,000
Expenditure on family planning	45,000
Lump sum consideration for purchase of technical know-how developed in government laboratory	90,000
Entertainment Expenditure	30,000
Expenditure on acquisition of patent right	84,000
Expenditure on advertisement paid in cash	8,000
Provision for GST	45,000
(He paid <input type="checkbox"/> 20,000 on 27-6-2025 and <input type="checkbox"/> 7,000 on 10-11-2025 Due date of filing of return is 31-7-2025)	
Amount paid to Rajasthan University for an approved Research programme in the field of social sciences not connected with his business.	50,000

Compute his business profit for the previous year 2024-2025

(i) Under old tax regime and (ii) under new tax regime.

CO3K3

(or)

12. b. Define salary and explain the allowances provided under the head of salary.

CO3K2

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