



Hambiraj

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 - 641043, Tamil Nadu, India

Bachelor's Degree Examination - November 2025 III Semester

Class : II UG

Major : B.Com Professional Accounting

Time : 3 Hours

Max. Marks : 100

23BCPSE1A Direct Tax Laws

Course Outcomes:

- CO1: Comprehend the concepts of taxation, including assessment year, previous year, assessee, person, income, total income, agricultural income and determine the residential
- 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

10 x 1 = 10

Choose the Correct Answer

1. Income Tax Act came into force on .
a. 1.4.1961
b. 1.4.1962
c. 1.4.1958
d. 1.4.1965
CO1K1
2. Income Tax is imposed by .
a. State Government
b. Central Government
c. Both of the above
d. Constitution of India
CO1K1
3. Salary is taxable on
a. Receipt basis
b. Due basis
c. Receipt basis or due basis whichever is earlier
d. Receipt basis or due basis whichever is later
CO2K1
4. Income from vacant plot is taxable under the head
a. Income from House Property
b. Income from Other Sources
c. Profits & Gains of Business or Profession
d. Capital Gains
CO2K1
5. Capital Gain arises from the transfer of –
a. any Asset
b. any Capital Asset
c. land and Building and Shares only
d. none of these
CO3K1
6. Income under the head "Income from other Sources" is taxable on –
a. Due Basis
b. Receipt Basis
c. On the basis of method of accounting regularly employed by the Assessee
d. Due or receipt basis whichever is earlier
CO3K2
7. Total income and tax liability of HUF shall be computed in same manner as in case of.....
a. An individual
b. Company
c. Firm
d. AOP or BOA
CO4K1
8. The deduction allowed under section 80 is maximum upto
a. Rs.1,00,000
b. Rs. 1,50,000
c. Rs.150,00
d. Rs. 5,00,000
CO4K1
9. The return of income is to be furnished in
a. ITNS 281
b. Form 26AS
c. Form 26Q
d. ITR 1 – to 7
CO5K1
10. The acknowledgement of filing the return of income is
a. ITR 4
b. ITR V
CO5K1

Part B
Answer ALL questions

5 x 6 = 30

Each answer should not exceed 400 words or two pages

- 11.a. What are the different types of taxes? CO1K1
(or)
- 11.b. Differentiate direct taxes and indirect taxes. CO1K1
- 12.a. Mr. Vivek passed his M.B.A on 15TH June 2024 and joined his first job on 15th July@ 40000 (including allowances) Find out his salary for the assessment year 2025-26. CO2K3
(or)
- 12.b. A house was completed on 1-4-2024 and following information is available about this house.
- | | |
|--------------------------------|----------------|
| Municipal value of the house | Rs. 30,000 p.a |
| Fair rental value of the house | Rs. 32,000 p.a |
| Actual rent | Rs.4,000 p.m |
| Municipal taxes | Rs. 6,000 p.a |
- Let out for the period 1-4-2024 to 31-12-2024 and self occupied from 1-1-2025 onwards.
- | | |
|---------------------------------|------------|
| Fire insurance premium | Rs. 3,600 |
| Land revenue | Rs. 6,000 |
| Interest on loan for the period | |
| a)1-4-2021 to31-3-2024 | Rs. 45,000 |
| b)1-4-2024 to31-3-2025 | Rs. 15,000 |
- Calculate income from house property for the previous year ending on 31-3-2025 under new tax regime. CO2K4

- 13.a. From the following statement, compute the income from profession of Dr. S. K. Kapoor if accounts are maintained on cash/receipt system ; CO3K3

Cash receipts	Rs.	Cash Payments	Rs.
To Visiting fees	45,000	By Dispensary rent	36,000
To Consultation	1,25,000	By Electricity and water changes	6,000
To Sales of medicines	72,000	By Telephone expenses	6,000
To Dividends	5,000	By Salary to nurse and compounder	36,000
		By Dep. On surgical equipment	6,000
		By Purchase of medicines	38,000
		By Depreciation on X-ray Machine	4,000
		By Income Tax	5,500
		By Donation to Rama Krishna Mission	4,000
		By Motor Car expenses	9,700
		By Dep. On Car	4,800
		By Balance c/d	91,000
	2,47,000		2,47,000

(or)

- 13.b. Mr. A provides the following details of purchase and sales of assets: CO3K4
- 1) He purchased a residential house on 15 th June 2020 and sells the same on the 21st September 2024 .
 - 2) X Ltd , a listed company allotted him 2,500 shares on 10th December ,2023 which he sells with 1st December ,2024.
 - 3) He purchased a shop-cum-residential plot on 13th April 2022. As he was facing a difficulty to pay his installment ,so he surrender the same to its Development Authority on 28th October 2024 and earns a profit of Rs. 2,00,000.
 - 4) He purchased shares of unlisted company on 10th October , 2023 which he sells November 2024 at a profit of Rs.24000
 - 5) He had a share in the ancestral property which he surrender to his elder brother on the 15th October 2024 and gets Rs.10 lakhs for the same.
 - 6) He purchased residential plot on 20th April 2023 and sells the same on a handsome on 30th March 2025
- Find out the nature of profit or loss accruing to the assessee for the previous year 2024-25

14.a. From the following , determine assessable profit or loss to be carried forward as the case may be for the assessment year 2025-2026 under old tax regime

CO4K4

		Rs.
1.	Loss for 2017-2018 carried forward	1,00,000
2.	Loss for 2018-2019 carried forward	15,000
	Depreciation allowance for 2018-2019 carried forward	5,000
3.	Loss for 2019-2020 carried forward	10,000
	Depreciation allowance for 2019-2020 carried forward	5,000
4.	Loss for 2020-2021 carried forward	5,000
	Depreciation allowance for 2020-2021 carried forward	2,500
5.	Loss for 2021-2022 carried forward	5,000
	Depreciation allowance for 2021-2022 carried forward	2,500
6.	Profit for 2022-2023	15,000
	Depreciation due for 2022-2023	5,000
7.	Profit for 2023-2024	50,000
	Depreciation due for 2023-2024	10,000
8.	Profit for 2024-2025	1,20,000
	Depreciation due for 2024-2025	10,000

(or)

14.b. Following are the particulars of income of Mr.A, A's wife Band their sons C and D, CO4K4

Mr A is employed with a company and his salary is Rs. 30,000 p.m and he is also getting Rs. 10,000 p.m for other taxable benefits, His house property income during the year will be Rs.24,500, During the year Mr A gifted Rs. 5,00,000 to his wife and she deposits the same in the bank and earned interest of Rs. 40,000

Mr. B.is running a child care centre at her house and her annual income is expected to be Rs.2,00,000. During the year she is expected to earn Rs. 80,000 from her deposits in the bank and she received

Rs. 10,000 as dividend from shares in various Indian companies .

Mr Cis TV artist and earns Rs. 3,00,000 during the year. His grand father gifted him Rs.5 lacs on his 15th birthday on 21-06-2021.which he deposited in the bank and his interest income during the year is Rs. 45,000.

Mr. D.also got Rs. 5 lacsmon his 15th birthday in may 2018 and he invested the amount in debentures of public limited company @12%

Find out the total income of A,B,C,D for the assessment year 2025-2026under old tax regime.

15.a. Briefly explain special provisions of filing of returns.

CO5K2

(or)

15.b. List out the documents required for filing of ITR.

CO5K2

Part C

5 x 12 = 60

Answer ALL questions

Each answer should not exceed 800 words or four pages

16.a. Describe the Canons of Taxation.

CO1K1

(or)

16.b. Discuss the features of income tax in India.

CO1K1

17.a. Mr.Ramesh swain is employed at Hyderabad at a basic salary of Rs. 25000 p.m CO2K4

and he is also getting the following allowances He is having a family house at the place of his posting but he is living in a rented house and is paying a rent of Rs. 7,000 p.m. Find out his Gross salary : A) if he opts to be taxed under old slab rate B) if he opts to be taxed u/s 115 BAC (1A) OR does not select any option.

	Rs.
Dearness allowance	2000 p.m
Lunch allowance	1000 p.m
Servant allowance(He is paying 1,200 p.m to a servant)	1000 p.m
Transport allowance	2000 p.m
Education allowance	200 p.m per child for three children
Hostel allowance to one child	500 p.m
House rent allowance	5000 p.m
City compensatory allowance	600 p.m
Medical allowance	800 p.m
Entertainment allowance	2000 p.m
Cash allowance	1200 p.m
Officiating allowance	2000 p.m
Overtime allowance	2000 p.m

17.b. Following are the particulars of 2 let houses of Mr. Ashu aggarwal.

CO2K4

	House 1 Rs.	House 2 Rs.
Municipal valuation	420000	350000
Fair rentvalue	360000	380000
Standard rent	440000	320000
Actual rent	480000	420000
Unrealised rent of current year	40000	35000
Vacancy	2 months	3 months
Municipal taxes Actually paid	12000	35000
Due but not paid		
Repairs	10000	8000
Insurance premium	12000	6000
Other expenses	8000	10000
Interest on money borrowed for the purchase of house	---	60000
Municipal taxes (Due but not paid)	30000	10000

Determine Mr.Ashu's income from house property.

18.a. From the following profit and Loss Account of a manufacturer calculate the income under CO3K4 the head Profits and Gains of Business or Profession for the year ending on 31st March.

	Rs.		Rs.
Salaries to employees	1,95,000	Gross profit	5,80,000
General expenses	16,000	Income from house property	25,000
Advertisement expenses (in cash)	24,000	Interest on Securities	14,000
Bad debts	1,500	Bad debts recovered (allowed earlier)	12,000
Drawing by the proprietor	24,000		
GST (Due and point on 1-7-2025)	6,000		
Interest on proprietor' S capital	7,000		
Repairs	2,500		
Rent	21,000		
Legal expenses	5,000		
Depreciation	15,000		
Entertainment expenses	22,000		
Bonus (due)	6,000		
Bonus to the proprietor	4,000		
Car purchased	72,000		
Expenses on car during the year	12,000		
Donations	2,000		
Provisions for bad debts	6,000		
Net profit	1,90,000		
	6,31,000		6,31,000

From the examination of books of accounts, the following other information are available ;

- Advertisement expenses were spent on insertion in news paper.
- 3,000 were spent on purchase of land and are included in legal expenses.
- Half of the repair expenses were on let –out building.
- Depreciation allowable on all assets including car is 14,400.
- Bonus was paid to employees on 30-6-2025 and date of filing of return is 31-7-2025.

(or)

18.b. Mr. A purchased a piece of land for Rs. 5,00,000 during the previous year 2001-02. In 2005-06 he agreed to sell it to Mr.B for Rs.9,00,000 and accepted an advance money of Rs.50,000.

CO3K4

Mr.B however failed to honour his promise and could not get the sale deed executed in his favour within stipulated time. As a result the advanced money was forfeited by Mr.A .Now-

- Mr.A. has sold this land during 2024-25(on 15-06-2024)for Rs.20,00,000 Determine the amount of capital gains chargeable to tax in the hand of Mr. A.
- Suppose Mr.A. received advance money in May 2016 and forfeited the same as the buyer could not pay the balance amount within stipulated period of 3 months .
- Suppose Mr >A transferred this land to Mr.C under gift deed during 2012-13 and land is sold b Mr.C for Rs. 20,00,000 during 2024-25 on 15-04-2024 .Calculate capital gain in the hand of Mr.C [C.I.I for2001-02 is 100 ,for 2005-2006 is 117 ,2012-13 is 200 and for 2024-25 is 363]
- Calculate capital gain in case a)above if Mr.A had sold the land on 30-09-2024.

19.a. Mr. Satya furnishes the following information relating to his incomes and losses for the assessment year 2025-2026. CO4K4

	Rs.
1. Short term capital gains	5,000
2. Long term capital gains (Gold)	7,500
3. Speculation profits	5,000
4. Profits from crockery business	5,000
5. Profits from stationery business	15,000
6. Income from house property	10,000
7. Income from income on securities	5,000

Following are brought forward items of losses and expenses from 2024-2025

1. Loss from provision stores (Discontinued during 2023-2024)	Rs. 5000
2. Share of losses from crockery business	Rs. 4000
3. Unabsorbed depreciation	Rs. 3000
4. Speculation loss	Rs. 15,000
5. Loss from short term capital assets	Rs. 13,500

Work out the treatment of set-off and carry forward of losses under new tax regime

(or)

19.b. For the assessment year 2025-2026, Mr X, a senior citizen submits the following particulars:

Income:	Rs.	CO4K4
Basic salary	2,88,600	
Project allowance	1,06,000	
High cost of living allowance	1,12,400	
Commission(1% on turnover , turnover achieved by X : Rs. 60,00,000)	60,000	
Gift of kitchen appliances by employer (cost to employer: Rs. 13,400)		
House rent allowance (rent paid in delhi :Rs. 90,000)	1,00,000	
Pension from former employer	1,76,800	
Profit and gains of newly set up small scale industrial undertaking in jammu (date of commencement of production March 3 2011)	1,34,000	
Profit from publication of books	1,40,000	
Income from royalty on Financial book " a book written by X in Hindi and recommended by rajasthan university, Gross amount: :Rs. 17,000 expenses : Rs. 5,000)	12,000	
Interest on post office saving bank	15,500	
Interest on bank fixed deposit	90,000	
Profit from the business of dealing in equity shares on which securities transaction tax of : Rs. 18,760	35,000	
Is paid (end the profit is calculated after deducting securities transaction tax of : Rs. 18,760)		
Profit from business of hardware	2,28,000	
Profit from export of goods outside India	3,21,000	
Income from royalty on patents	19,000	
Payments :		
Insurance premium on life insurance on the life of Mr.X (Policy was taken by the hindu undivided family of X in 2008 and sum assured is : Rs. 8,20,000)	1,24,000	

20.a. Explain the types of ITRs.

CO5K2

(or)

20.b. Discuss the various types of Tax Deducted at Source.

CO5K2
