



K. Sambath

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

Continuous Internal Assessment Test I – February 2026
IV Semester

Class : II UG
Major : B.Com / B.Com CS

Time: 2 hours
Maximum Marks: 60

23BCOC08 Income Tax Law and Practice

Course Outcomes:

At the end of the course, students will:

1. Comprehend the concepts of taxation, including assessment year, previous year, assesses, personal income, total income, agricultural income and determine the residential status of persons.
2. Compute income under different heads, applying the charging provisions, deeming provisions, exemptions and deductions.
3. Apply the clubbing provisions and provisions relating to Set-off and Carry Forward of Losses to determine the Gross Total Income.
4. 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.
5. Comprehend the provisions relating to filing of return of income.

Part - A

6 x 1 = 6

Choose the Correct Answer

1. Residential status of an assessee is determined with reference to CO1 K3
a. Place on birth b. Nationality c. Income Earned d. Period of stay in India
2. Agricultural income is taxable under the Income –tax Act, 1961. CO1 K3
a. fully taxable b. Partly taxable c. Exempt from tax d. Taxable only for Companies
3. Salary is taxable on which basis CO2 K2
a. Receipt basis b. Accrual basis c. Receipt or Accrual, whichever is earlier
d. Cash basis only
4. Standard deduction from Income from House Property is allowed at: CO2 K3
a. 20% of Annual value b. 25% of Annual value c. 30% of Annual value
d. Actual Expenditure
5. Which of the following expenses is NOT allowable as a deduction in business income? CO3 K1
a. Rent paid for business premises b. Salary paid for employees
c. Personal expenses of the proprietor d. Depreciation
6. Income under the head 'profits and gains of business or profession' is chargeable to tax under which section of the income tax act, 1961? CO3 K2
a. Sec 14 b. Sec 28 c. Sec 32 d. Sec 37

Part - B

3 x 6 = 18

Answer ALL Questions

Each answer should not exceed 400 words or two pages

7. a. Difference between Exemption and Deduction. CO1 K2
(or)
b. X is a foreign citizen. During the financial year 2024-2025 he was in India for 101 days. Determine his residential status for the assessment year 2025-26 on the assumption that during the financial years 2010-11 to 2023-24 he was present in India as follows: CO1 K3

2010-11	85 days	2017-18	16 days
2011-12	310 days	2018-19	160 days
2012-13	106 days	2019-20	281 days
2013-14	174 days	2020-21	305 days
2014-15	20 days	2021-22	165 days
2015-16	280 days	2022-23	210 days
2016-17	265 days	2023-24	220 days

8. a. Mr. Sen was appointed as Reader in Calcutta University in the scale of 37,400-1200-62,400 on 1.9.2021 at Rs.42,000 p.m. Compute his salary income for the previous year 2024-25 if (a) salary is due on 1st of every month; (b) salary is due on last date of every month. CO2 K2

(or)

8. b. Compute Annual Rental value in the following case: CO2 K2
(i) Municipal Rental Value Rs.48,000 p.a

- (iii) Lift and pump maintenance charges born by owner.
- (iv) Salary of common gardener and watchman paid by tenants to the owner is Rs.500 p.m. and actual expenses incurred by the owner during the year are Rs.4,200

9. a. To what extent following are allowable deductions in computing the income of business carried on by Mr. A: CO3 K2
- (i) Entertainment expenditure incurred during the previous year ending 31-3-2025 is Rs.50,000.
 - (ii) Daily allowance given to Mohan, an employee is at the rate of Rs.2,000 per day. He was on tour for 5 days and was given Rs.10,000 as daily allowance during the previous year 2024-25.
 - (iii) Ten items were presented during the previous year 2024-25 on advertisements each costing Rs.2,000
 - (iv) Income tax deposited in advance during the previous year 2024-25 amounted to Rs.10,000.

(or)

9. b. What do you understand by the term 'business' and 'profession' as used u/s 28 of the Income-tax Act ? CO3 K2

Part - C

3 x 12 = 36

Answer ALL questions

Each answer should not exceed 800 words or four pages

10. a. Prepare a summarized chart showing the taxability of different kinds of income under the Income Tax Act, 1961 with reference to the residential status of an assessee. CO1 K3
10. b. Mr. Anand Das furnishes the following particulars of his income earned during the previous year relevant to the assessment year 2025-26: (or)
CO1 K3
1. Interest on German Development Bonds (one-third is received in India) Rs.51,000
 2. Income from agriculture in Bangladesh, remitted to India Rs. 31,000
 3. Income from property in Canada received in U.S.A. Rs.1,10,000
 4. Income earned from business in Kuwait, business being controlled from ,Mumbai (Rs. 25,000 is received in India) Rs. 65,000
 5. Dividend from an Indian Company Rs.15,000
 6. Royalty received in Singapore from Mr.Gulfam, a resident in India, for technical services provided for a business carried on in Singapore Rs. 25,000
 7. Profit from a business in Chennai; this business is controlled from Singapore Rs.1,25,000
 8. Profit on sale of a building in India, but received in Nepal Rs.2,50,000
 9. Income from agriculture in Punjab, received in Mumbai Rs.30,000
 10. Profit from business in Indonesia; this business is controlled from Delhi (60% of the profit Deposited in a bank there and 40% is remitted to India) Rs. 40,000
 11. Interest received from Mr. Shyam, a non-resident, on the loan provided to him for a business in India
- Compute his Gross total Income, if he is:
- (i) Resident, (ii) Not Ordinary Resident, (iii) Non- Resident

11. a. The following are the particular of the Income of Shri Arvind for the previous year ending on 31st March: CO2 K3

- (i) Salary of Rs.32,000 per month
 - (ii) Contribution to recognized P.F. Rs.4,000 per month.
 - (iii) Employer contributes the same amount as the employee contributes towards P.F.
 - (iv) Dearness Allowance Rs.5,000 p.m. It is not considered for computation of his retirement benefits.
 - (v) Interest credited to P.F. @ 13% is Rs.13,000
 - (vi) Contribution to Public Provident Fund is Rs.9,000
 - (vii) Bonus Rs.30,000
 - (viii) His ration bill of Rs.2,000 p.m. is paid by employer.
 - (ix) Premium of life policy is Rs.12,000 on a policy of Rs.1,00,000.
 - (x) Deposited Rs.4,800 in Equity linked Saving Scheme.
 - (xi) Repayment to House Building Loan taken from HDFC Rs.20,500 during the year.
- Find out total income of Shri Arvind for the Assessment Year 2025-26 under old tax regime.

(or)

11. b. Mr. Joseph is owner of a residential house construction of which was completed on 31-10-2016 and it has been let out from 1-12-2026 for residential purposes. Its other particular are: CO2 K3
- Municipal Valuation Rs. 15,000 p.a.
 - Fair rent Rs. 18,000 p.a.
 - Standard rent under rent control act Rs.1500 p.m.
 - Actual Rent Rs.1600 p.m.
 - Municipal taxes paid (including Rs.1500 paid by tenant) Rs.2500
 - Water and sewage benefit tax levied by the state government not paid yet as is is disputed in appeal Rs. 1200

Legal charges for recovery of rent Rs.1500

Stamp duty and registration charges incurred in respect of lease agreement of the house Rs.3000

The unrealised rent for the year 2022-23 amounted to Rs.16,000 out of which a deduction has been claimed for Rs. 12,000. During the year Rs.14,000 were recovered from the defaulting tenant. Compute income from house property for the previous year 2024-25.

12. a. Following is the Profit and Loss Account of Kesari Mallya for the previous year 2024-25: CO3 K3

Profit and Loss Account			
Particulars	Rs.	Particulars	Rs.
To Salaries	25,650	By Gross Profit	80,000
To Rent	1000	By bank interest	450
To commission on sales	100	By bad debts recovered(last year allowed)	2,000
To income tax	2,600.	By income from house property	4,800
To entertainment expenses	600	By interest on commercial securities	2,000
To commission paid to collect interest on securities	25		
To Embezzlement by cashier	1,000		
To municipal tax (house)	600		
To bad debts (allowed)	450		
To repairs to house	1625		
To office expenses	9,180		
To depreciation	5,000		
To LIC Premium	1,320		
To Net profit	40,100		
	89,250		89,250

Allowable Depreciation on the Assets is Rs. 4,500

Compute the taxable business income for the Assessment year 2025-26

(or)

12. b. Explain the charging provisions u/s 28 under the head Profits and Gains of Business of Profession.

CO3 K3

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Staff in-charge: Dr. M. Agila