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BRAINWARE UNIVERSITY

Term End Examination 2025-2026
Programme – LL.B.-2021/LL.B.-2022/LL.B.-2023/LL.B.-2024
Course Name – Taxation Laws/Taxation Law
Course Code - LLB402
(Semester IV)

Full Marks : 60 **Time : 2:30 Hours**

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group-A
(Multiple Choice Type Question) 1 x 15=15

1. *Choose the correct alternative from the following :*

(i) Who is considered an "assessee" under the Income Tax Act?
a) A person who pays tax
b) A person being assessed
c) A person who incurs losses
d) All of these

(ii) What is meant by "gross total income" in the Income Tax Act?
a) Total income after deductions
b) Total income before deductions
c) Income from salaries
d) Income from house property

(iii) What is the second head of income under Section 14 of the Income Tax Act?
a) Income from business
b) Income from house property
c) Income from capital gains
d) Income from salaries

(iv) Where is the income derived from agricultural land located in India considered?
a) India
b) Foreign land
c) In all countries
d) None of these

(v) When does the income of a business set up during a financial year get taxed?
a) In the previous year
b) In the assessment year
c) In the financial year
d) In the next assessment year

(vi) Select the correct option, if a business is set up in December, which period is considered the previous year.
a) From December to March
b) From January to March
c) Full year starting from January
d) Full year from setting up

(vii) Which of the following is an example of agricultural income?
a) Income from selling milk
b) Income from poultry farming
c) Rent from agricultural land
d) Income from business services

(viii) What does "previous year" mean for businesses set up during the year?
a) From business setup to 31st March
b) From 1st April to the next March

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c) From the start date to next 6 months
d) A year before the assessment year

(ix) What income category is not listed under the five heads of income in Section 14?

a) Income from house property
b) Income from salaries
c) Income from capital gains
d) Rental income

(x) What is the third head of income according to Section 14?

a) Income from salaries
b) Profits from business
c) Income from other sources
d) Capital gains

(xi) What determines the residential status of a firm in India?

a) Control and management of affairs in India
b) Control and management of affairs outside India
c) Control by a single partner
d) Place of registration

(xii) Select the income exempted under section 10(1).

a) Income derived from land situated in India & used for agricultural purposes
b) Salary from employment
c) Interest on fixed deposits
d) Profit from business

(xiii) Choose the income exempted under section 10(2).

a) Payments received from family income by a member of a HUF
b) Income from agriculture
c) House Rent Allowance
d) Income of minor child

(xiv) What is the maximum exemption for transport allowance of handicapped employees?

a) ₹1,600 per month
b) ₹3,200 per month
c) ₹5,000 per month
d) Fully exempt

(xv) Which type of employee can claim a deduction for entertainment allowance?

a) All employees
b) Only Government employees under the optional tax regime
c) Private sector employees
d) None of these

Group-B

(Short Answer Type Questions) 3 x 5=15

2. What is the relationship between the previous year and the assessment year? (3)
3. Explain the manner of splitting of composite rent for tax treatment. (3)
4. Explain the meaning of local authority (as a type of person) as per section 2(31) with example. (3)
5. Explain important concepts of employer employee relationship. (3)
6. Explain the taxability of House Rent Allowance. (3)

OR

Mr. Goyal receives the following emoluments during the previous year ending 31.03.2025. (3)
Basic pay ` 4,00,000 Dearness Allowance ` 1,50,000 Commission ` 1,00,000 Entertainment allowance ` 40,000 Medical expenses reimbursed ` 25,000 Professional tax paid ` 2,000 (` 1,000 was paid by his employer) Mr. Goyal contributes ` 5,000 towards recognized provident fund. He has no other income. Determine the income from salary for A.Y. 2025-26, if Mr. Goyal is a State Government employee.

Group-C

(Long Answer Type Questions) 5 x 6=30

7. Explain Aggregation of Income. (5)
8. Explain the concept of Set off and carry forward losses. (5)
9. Define Cost inflation index. (5)
10. Explain Inter-source set-off of losses. (5)
11. Define Capital Asset. (5)

12. In the case of a Hindu joint family, the karta asserts that a partial partition of assets has occurred and seeks separate assessment of income arising from those assets. The Revenue authorities refuse to recognize the partition. Examine whether income-tax authorities are bound to recognize partial partitions, with reference to the Supreme Court's ruling in Annamalai Chettiar's case. (5)

OR

An assessee contends that a declaration of partition among coparceners is sufficient to claim separate tax assessments, even though the business continues to be carried on as before. Critically analyse this contention in light of the ratio laid down in CIT v. S.N.A.S.A. Annamalai Chettiar. (5)

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