42505

BRAINWARE UNIVERSITY

Term End Examination 2025-2026
Programme – B.Com.(AFB)-Hons]-2024
Course Name – Income Tax Law and Practices
Course Code - BBF40107
(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) Recognize the entity responsible for imposing the Income Tax.

a) State Government b) Central Government
c) Local Authority d) Panchayat

(ii) Cite an example of income exempt from tax under Sec 10(1).

a) Income from agriculture b) Income from salary
c) Income from business d) Income from house property

(iii) Choose the correct status for 'Calcutta University' under Income Tax Law.

a) Individual b) Firm
c) Artificial Juridical Person d) Company

(iv) Recall the number of characters in a PAN.

a) 8 b) 10
c) 12 d) 14

(v) Classify the nature of dearness allowance (DA) in terms of its taxability.

a) Fully taxable b) Fully exempt
c) Partially taxable d) Taxable only on withdrawal

(vi) Illustrate the condition under which transport allowance is exempt for a handicapped employee.

a) Up to Rs. 1,000 per month b) Up to Rs. 2,000 per month
c) Up to Rs. 3,200 per month d) Up to Rs. 4,000 per month

(vii) Recall the taxability of property income in a foreign country for residents.

a) Not taxable b) Taxable only if received in India
c) Taxable under Section 22 d) Exempt if foreign income

(viii) Cite the applicability of Sec 22 in the case of property held as stock-in-trade.

a) Taxable under house property b) Exempt from tax

c) Taxable under business income d) Not applicable

(ix) Choose the correct description of municipal taxes in the computation of income from house property.

a) Non-deductible b) Deductible on accrual basis
c) Deductible if paid during the previous year d) Always deductible

(x) Identify the section that exempts capital gains arising from transfer of residential house property.

a) Sec 54 b) Sec 54B
c) Sec 54EC d) Sec 54F

(xi) Classify the tax rate for winning from lotteries as per direct tax provisions.

a) 0.2 b) 0.1
c) 0.3 d) 0.4

(xii) Illustrate how clubbing of income works when income is transferred without transferring the underlying asset.

a) Income is not clubbed b) Income is taxed in transferee's hands
c) Income is clubbed in the transferor's hands d) Income is exempt

(xiii) Identify the health and education cess applied to tax payable.

a) 0.02 b) 0.04
c) 0.03 d) 0.05

(xiv) Classify the advance tax payment percentage due on or before 15th September for corporate taxpayers.

a) 0.15 b) 0.25
c) 0.45 d) 0.75

(xv) Predict the tax payable by a company opting for Section 115BAB with profits of Rs. 10 crore.

a) 0.1 b) 0.15
c) 0.2 d) 0.3

Group-B

(Short Answer Type Questions) 3 x 5=15

2. Andy, a British national, comes to India for the first time during 2020-21. During the financial years 2020-21, 2021-22, 2022-23, 2023-24 and 2024-25 he was in India for 55 days, 60 days, 80 days, 160 days and 70 days respectively. Determine his residential status for the assessment year 2025-26. (3)
3. Illustrate the valuation process of Rent-free furnished accommodation. (3)
4. Subir Singh, a resident of Punjab, receives Rs. 48,000 as basic salary during the previous year 2024-25. In addition, he gets Rs. 4,800 as dearness allowance forming part of basic salary, 7% commission on sales made by him (sale made by him during the relevant previous year is Rs. 86,000) and Rs. 8,000 as house rent allowance. He, however, pays Rs. 6,800 as house rent. Determine the taxable amount house rent allowance for AY 2025-26. (3)
5. Soham has been provided a car (1.7 ltr.) by his employer Vikash Ltd. he is the one of director of the company. The cost of the car to the employer was ₹ 3,50,000 and maintenance cost incurred by the employer ₹ 30,000 p.a. Chauffeur salary paid by the employer ₹ 3,000 p.m. Calculate the value of perquisite for Soham for the A.Y. 2025-26, if the car is used for Personal purpose and the employee is being charged ₹ 15,000 p.a. for such facility. (3)
6. Compare the tax rates for short-term and long-term gains for both equity and debt mutual funds. (3)

OR

Mr. Dev had purchased a golden ring as on 17/8/2023 for ₹ 40,000. On 1/05/2024 he has sewn a diamond on it costing ₹ 25,000. On 1/08/2024, he sold such ring for ₹ 80,000 and incurred brokerage for arranging customer ₹ 5,000. Calculate capital gain for AY 2025-26. (3)

Group-C

(Long Answer Type Questions) 5 x 6=30

7. Ms Simran has the following salary structure: Salary Component Amount (₹) a) Basic salary 15,000 p.m. b) Dearness Allowance 5,000 p.m. (not forming part of retirement benefit) c) Hostel Allowance 1,000 p.m. (does not have any child) d) Tiffin Allowance 500 p.m. e) Transport Allowance 200 p.m. f) Bonus 20,000 p.a. g) Commission 15,000 p.a. h) Free refreshment in office worth 5,000 p.a. i) Mobile phone facility by employer 900 p.m. j) Computer facility worth 10,000 p.a. She has been provided a Rent-free Accommodation (owned by employer) in Kolkata. The house was allotted to her with effect from 1/5/2023 but she could occupy the same only from 1/6/2023. Calculate her gross taxable salary for the AY 2024-25. (5)
8. Evaluate the conditions under which capital gains on compulsory acquisition of Land & Building forming part of Industrial Undertaking [Sec 54D]. (5)
9. Estimate the taxable income under the head Income from other sources for Mrs. X, based on the following data: Private tuition fee received: ₹ 10,000 Winning from lottery: ₹ 2,000 Award from KBC (a TV show) [Gross]: ₹ 3,20,000 Pension from employer of deceased husband: ₹ 25,000 Interest on bank deposit: ₹ 25,000 Directors fee (Gross): ₹ 5,000 Remuneration for checking examination copy of employer's school: ₹ 10,000 Remuneration for checking examination copy of C.A: ₹ 10,000 Income tax refund: ₹ 5,000 Interest on income tax refund: ₹ 100 Composite rent (related expenditures ₹ 5,000): ₹ 10,000 Rent on sub-letting of house property (rent paid to original owner ₹ 12,000): ₹ 20,000 Income tax paid: ₹ 2,000 Payment made for personal expenses: ₹ 18,000 Payment made to LIC as premium: ₹ 2,000 (5)
10. Critique the provisions of Section 194A Interest from Banks and others, including frequency of deduction, due dates for deposit, forms required, and minimum exemption limits. (5)
11. Suppose a person aged 50 years has a total income of INR 20,00,000, which includes INR 16,00,000 from salary, INR 2,00,000 profit from trading, INR 50,000 from interest on FDs, and INR 1,50,000 from dividends. The individual has made investments of INR 1,50,000 under Section 80C and INR 20,000 under Section 80D. Compare the tax liability under the Old Tax Regime and the New Tax Regime for the Assessment Year 2025-26. (5)
12. Ayush owns a residential house property in Kolkata. It has two equal residential units - Unit 1 and unit 2. While Unit 1 is self-occupied and Unit 2 is let out (Rent being Rs. 6,000 per month, rent of two months could not be recovered). Municipal Value of the property is Rs. 1,30,000, Standard Rent is Rs. 1,25,000 and Fair Rent is Rs. 1,40,000. Municipal tax is imposed @ 12%. Interest on capital (borrowed during 1998) is Rs. 63,000. Estimate the gross total taxable income of Amit for the assessment year 2024-25 on the assumption that income of Ayush from other source is Rs. 2,80,000. (5)

OR

Depreciated value of the block of assets of Dishan Pvt Ltd (consisting of machinery A, B and C) on 01/04/2023 is Rs.25,00,000. Addition of machinery D was done on 01/09/2023 for Rs.3,00,000 and this machinery was put to use on 15/09/2023. Cost of machinery E purchased on 24/12/2023 was Rs.5,00,000. Machinery A which was originally purchased on 01/04/2006 for Rs.1,80,000, was sold on 03/03/2024 for Rs.25,00,000. Assuming that the rate of depreciation on machinery was 15%, estimate the admissible depreciation for the assessment year 2024-25. (5)

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