

End Semester/Reappear (Semester II) Examination May 2025

Programme: B.COM

Course: Income tax: Law & Practices-1

Course Code: 32ACC106

Enrolment no. _____

Full Marks: 70

Time: 3 Hrs.

Q.No.	Questions	CO	Bloom Taxonomy Category	Marks
Section I				
1	Short Answer type questions.			
a	State whether the following person is an assessee or not with reason: A person whose income is below the taxable limit but files a return voluntarily.	CO1	Remember	4 x 5 = 20
	or			
b	Explain the meaning of assessment year and previous year. Why is the assessment year important in income tax calculation? State the assessment year for the financial year 2023-24.	CO1	Understand	
	or			
c	Calculate Gross Annual Value (GAV) of a let-out property. Illustrate with a simple example.	CO2	Apply	
	or			
d	Explain deduction under section 54 of Income tax Act, 1961. Mr. Khan purchased a residential house in the previous year 2005-06 for Rs. 2 crores. The house property is sold for Rs. 10 crores in the previous year 2023-24 and the capital gain is invested in two residential house properties worth Rs. 4 crores each. Can he claim the benefit of section 54 in respect of both houses ?	CO3	Analyze	
	or			
e	Define a 'Capital Asset' as per the Income Tax Act. What types of assets are specifically excluded from the definition of 'Capital Asset'? Name any four.	CO3	Remember	
	or			
f	A taxpayer has losses under the following heads: a. Speculative business loss: ₹1,50,000 b. Long-term capital loss: ₹70,000 c. House property loss: ₹1,20,000 d. Salary income: ₹6,00,000 Explain how the set-off will be done and evaluate the net taxable income.	CO4	Evaluate	
	or			
g	Describe the meaning of set-off of losses under the Income Tax Act. Distinguish between intra-head and inter-head set-off of losses.	CO4	Remember	
	or			
Section II				
Long Answer type questions.				
2	Explain the basic tax slab rates applicable to individuals below 60 years of age for the Assessment Year 2025-26 (Old Regime). Calculate the tax on ₹ 9,00,000 as per old tax regime.	CO1	Analyze	3 x 10 = 30
	or			
3	Describe the different types of Assessees under the Income Tax Act.	CO1	Remember	
	or			
4	Mr. A owns two houses. The expected rent of the house one is Rs. 65,000. This house was let out for Rs. 7,500 p.m. But the rent for the months of February and March, 2019 could not be realized. The expected rent of another house is Rs. 1,50,000. This house was let out for Rs.12,000 p.m. But the rent for the last three months could not be realized. In the both cases, Mr. A fulfills the conditions of Rule 4. You are required to evaluate the Gross Annual Value of both the houses.	CO2	Evaluate	
	or			

	Municipal Value: Rs. 2,40,000. Fair Rent: Rs. 3,00,000. Measure income from house property assuming following expenditure are incurred by him: Municipal taxes paid: Rs. 15,000 Repairs: Rs. 12,000 Depreciation: Rs. 10,000 Interest on borrowed capital: Rs. 2,00,000 (loan taken on 1.1.2004). House was purchased on 1.5.2005.	CO2	Evaluate	
4	Explain the conditions for carrying forward business losses. For how many years can it be carried forward? Also, explain when such carry forward is not permitted.	CO4	Understand	
	or Describe the conditions required for carry forward of losses under various heads of income? Also, explain the effect of late filing of return on the eligibility to carry forward losses.	CO4	Evaluate	
Section III				
	Application based questions			
5	Aarav converts his plot of land purchased in July, 2004 for Rs. 80,000 into stock-in-trade on 31st March, 2024. The fair market value as on 31.3.2024 was Rs. 3,00,000. The stock-in-trade was sold for Rs. 3,25,000 in the month of January, 2025. Evaluate the taxable income, if any, and if so under which head of income from capital gain and for which Assessment Year? Cost Inflation Index: F.Y. 2004-05:113; F.Y. 2023-24: 348; F.Y. 2024-25: 363.	CO3	Evaluate	1 x 20 = 20
	or Mrs. Harshita purchased a land at a cost of Rs. 35 lakhs in the F.Y. 2004-05 and held the same as her capital asset till 20th March, 2024. She started her real estate business on 21st March, 2024 and converted the said land into stock-in-trade of her business on the said date, when the fair market value of the land was Rs. 210 lakhs. She constructed 15 flats of equal size, quality and dimension. Cost of construction of each flat is Rs. 10 lakhs. Construction was completed in February, 2025. She sold 10 flats at Rs. 30 lakhs per flat in March, 2025. The remaining 5 flats were held in stock as on 31st March, 2025. She invested Rs. 50 lakhs in bonds issued by National Highways Authority of India on 31st March, 2025 and another Rs. 50 lakhs in bonds of Rural Electrification Corporation Ltd. in April, 2025. Analyze the amount of chargeable capital gain and business income in the hands of Mrs. Harshita arising from the above transactions for A.Y. 2025-26 indicating clearly the reasons for treatment for each item. [Cost Inflation Index: F.Y. 2004-05: 113; F.Y. 2023-24: 348; F.Y. 2024-25: 363].	CO3	Analyze	

COURSE OUTCOME

After the successful completion of the course, the students will be able to:

CO1: Have knowledge about the basic concepts of direct tax along with definitions of terminology of taxation.

CO2: Gain understanding about salary components, overview of TDS provisions and income from house property

CO3: Gain understanding about Profits and gains of Business or Profession; depreciation allowance, capital gains and income from other sources

CO4: Ability to analyze the implications of tax deductions, refunds, and the role of tax authorities in ensuring compliance and enforcement within the tax system.