



PRACTICE SET
End Semester Examination, December, 2025

Program: MBA

Semester: III

Subject: Taxation

Subject Code: 11.621.5

Course Learning Objective:

CLO 1: To enable the students to understand basic nature and structure of taxation under income tax laws.

CLO 2: To enable the students to understand charging of income tax under different heads of income.

CLO 3: To enable the students to understand the framework of corporate tax planning as a tool for financial planning.

CLO 4: To enable the students to understand complex area of tax management in different business environment.

Course Outcome:

On the completion of the Course, the students will be able to:

CO 1: Students would understand the nature and structure of taxation as well as conversant with technical terms related to Income Tax.

CO 2: Students would understand the process of charging of tax under different heads and differentiate nature of income under different heads.

CO 3: Develop analytical skills in financial planning with knowledge of corporate taxation system.

CO 4: students would have an understanding and expertise in tax management in complex business environment.

SECTION A

Question for Five (5) marks:

1. Define “tax” and briefly state any four objectives of taxation. [CO1, Unit I, BTL – LOT, Remember]
2. Explain the term 'Capital Receipt' and 'Revenue Receipt'. Provide two examples of each [CO1, CO1, Unit I, BTL – LOT, Understand]
3. List the fundamental principles of a sound taxation system [CO1, Unit I, BTL – LOT, Remember]
4. Define “Person” under Income Tax Act, 1961. [CO1, Unit I, BTL – LOT, Remember]
5. Explain with proper example of the term ‘Assessment Year’ & ‘Previous year’ under Income Tax Act. [CO1, Unit I, BTL – LOT, Understand]
6. Describe the term Tax Deduction. Name any three deductions available while computing total income. [CO2, Unit II, BTL – LOT, Remember]
7. Explain the term House Rent Allowance and how does it calculated. [CO2, Unit II, BTL – LOT, Understand]
8. Explain the taxability of self-occupied house property. [CO2, Unit II, BTL – LOT, Understand]
9. State the conditions for claiming deduction of interest on borrowed capital under Section 24(b) (under income from house property). [CO2, Unit II, BTL – LOT, Remember]
10. Explain, what constitute “transfer” of capital assets in Capital Gain taxation? [CO2, Unit II, BTL – LOT, Understand]
11. Explain, how perquisite is treated in salary income? [CO2, Unit II, BTL – LOT, Understand]
12. Explain briefly the different heads of Income under Income Tax Act. [CO2, Unit II, BTL – LOT, Understand]
13. Describe the term Dividend Distribution Tax. [CO3, Unit III, BTL – LOT, Remember]
14. Explain the term ‘MAT’ and ‘AMT’. [CO3, Unit III, BTL – LOT, Understand]
15. Explain the tax rate applicable for foreign companies. [CO3, Unit III, BTL – LOT, Understand]
16. State the main differences between short-term and long-term tax planning. Give suitable examples. [CO3, Unit III, BTL – LOT, Remember]
17. Describe the term ‘corporate tax’? Explain its importance for companies in India. [CO3, Unit III, BTL – LOT, Understand]
18. Discuss the different stages of Income Tax Appeals. [CO4, Unit IV, BTL – LOT, Understand]
19. Explain the term TDS certificate. [CO4, Unit IV, BTL – LOT, Understand]
20. Define the term “Tax Planning” & “Tax Evasion”. [CO4, Unit IV, BTL – LOT, Remember]
21. Express the term Tax Avoidance. [CO4, Unit IV, BTL – LOT, Understand]

22. State the term “Demerger” in case of corporate restructuring. [CO4, Unit IV, BTL – LOT, Remember]

SECTION -B

Question for Ten (10) marks:

23. Describe the different types of Assessees under the Income Tax Act. [CO1, Unit I, BTL – LOT, Remember]

24. Shri Hanuman Prasad has the following incomes for the previous year ending on 31.3.2023.

- i. Income from salary in India from a company (He went to Australia for some months due to his service and received salary for such period there) 50,000
- ii. Dividend from an Indian company received in England and spent there 10,000
- iii. Income from house property in India received in Pakistan 20,000
- iv. Dividend from a foreign company received in England and deposited in a bank there 10,000
- v. Income from business in Kolkata, managed from USA 20,000
- vi. Income from business in USA (controlled from Kanpur Head Office) 12,000
- vii. Income was earned in Australia and received there, but brought into India 25,000
- viii. His material uncle sent a Bank Draft from France as a gift to him on his marriage 20,000

Compute the gross total income, if he is (a) ROR (b) RNOR (c) NR [CO1, Unit I, BTL – HOT, Evaluate]

25. Explain the different types of allowances received by an employee and their tax treatment under the Income Tax Act. [CO2, Unit II, BTL – LOT, Understand]

26. Describe expenses allowed and not allowed while computing business income under the Income Tax Act. [CO2, Unit II, BTL – LOT, Remember]

27. Mr. Raj Kumar has the following receipts from his employer:

- (1) Basic pay Rs. 40,000 p.m.
- (2) Dearness allowance (D.A.) Rs. 6,000 p.m.
- (3) Commission Rs. 50,000 p.a.
- (4) Motor car for personal use (expenses met by the employer) Rs. 1,500 p.m.
- (5) House rent allowance Rs. 15,000 p.m.

Find out the amount of HRA exempt in the hands of Mr. Raj Kumar assuming that he paid a rent of Rs. 16,000 p.m. for his accommodation at Kanpur. DA forms part of salary for retirement benefits. Mr. Raj Kumar exercises the option of shifting out of the default tax regime provided under section 115BAC(1A).

What are the classifying criteria for treating an asset as capital assets under Capital Gains? [CO2, Unit II, BTL – HOT, Evaluate]

28. Smt. Rajalakshmi owns a house property at Adyar in Chennai. The municipal value of the property is Rs 5,00,000, fair rent is Rs 4,20,000 and standard rent is Rs 4,80,000. The property was let-out for Rs 50,000 p.m. up to December 2024. Thereafter, the tenant vacated the property and Smt. Rajalakshmi used the house for self-occupation. Rent for the months of November and December 2024 could not be realized in spite of the owner's efforts. All the conditions prescribed under Rule 4 are satisfied. She paid municipal taxes @12% during the year. She had paid interest of Rs 25,000 during the year for amount borrowed for repairs for the house property. Compute her income from house property for the A.Y. 2025-26.
[CO2, Unit II, BTL – HOT, Evaluate]

29. Ganesh has three houses, all of which are self-occupied. The particulars of the houses for the P.Y.2024-25 are as under:

<i>Particulars</i>	<i>House I</i>	<i>House II</i>	<i>House III</i>
<i>Municipal valuation p.a.</i>	₹ 3,00,000	₹ 3,60,000	₹ 3,30,000
<i>Fair rent p.a.</i>	₹ 3,75,000	₹ 2,75,000	₹ 3,80,000
<i>Standard rent p.a.</i>	₹ 3,50,000	₹ 3,70,000	₹ 3,75,000
<i>Date of completion/purchase</i>	31.3.2000	31.3.2002	01.4.2016
<i>Municipal taxes paid during the year</i>	12%	8%	6%
<i>Interest on money borrowed for repair of property during the current year</i>	-	₹ 55,000	
<i>Interest for current year on money borrowed in April, 2017 for purchase of property</i>			₹ 1,75,000

Compute Ganesh's income from house property for A.Y.2025-26 and suggest which houses should be opted by Ganesh to be assessed as self-occupied so that his tax liability is minimum. [CO2, Unit II, BTL – HOT, Evaluate]

30. Define Capital Asset u/s 2 (14) of income tax Act, 1961. Briefly explain short term and long term Capital Assets. [CO2, Unit II, BTL – LOT, Remember]

31. Describe the grounds for appeal under Income Tax Act. [CO3, Unit III, BTL – LOT, Understand]

32. Discuss the tax benefits available to companies during mergers and amalgamations. [CO3, Unit III, BTL – LOT, Understand]

33. Explain the role of corporate tax policy in India's economic development. How do changing tax rates influence investment decisions? [CO3, Unit III, BTL – HOT, Analyze]

34. Explain the nature of a good tax planning procedure? [CO4, Unit IV, BTL – LOT, Understand]

35. Explain Features and differences between Tax evasion, Tax avoidance and Tax Planning. [CO4, Unit IV, BTL – LOT, Understand]
36. Explain the benefits provided to senior citizen in Income Tax Act? [CO4, Unit IV, BTL – LOT, Understand]

SECTION -C

Question for Twenty (20) marks:

37. Analyze how direct and indirect taxes affect income distribution and economic growth in India. [CO1, Unit I, BTL – HOT, Analyze]
38. Analyze the advantages and disadvantages of GST as compared to the earlier indirect tax regime in India. [CO1, Unit I, BTL – HOT, Analyze]
39. Compute the written down value from the following information for the assessment year 2019-20 –

Blocks of asset	Rate of depreciation (%)	Depreciation value on April
1.Plant A,B and C	15	1, 2018 Rs.
2.Plant D and E	40	10,40,000
3. Plant E	30	2,60,000
4. Building A, B, C and D	10	70,000
5. Building E, F and G	5	10,90,600
6. Building H, I, J and K	40	7,10,200
		16,90,000

After April 1, 2018, the company purchase the following assets –

Assets	Date of purchase	Rate of depreciation (%)	Actual cost Rs.
--------	------------------	--------------------------	-----------------

Plant G	April 6, 2018	30	6,000
Plant H	May 11, 2018	15	18,000
Furniture	June 6, 2018	10	56,000
Car	July 7, 2018	15	2,56,000
Building L	September 26, 2018	5	7,28,700
Computer	September 27, 2018	40	90,000
Copyright	September 30, 2018	25	17,50,000

The following assets are transferred –

Assets	Date of sale	Sale considerations Rs.
Plant B	December 20, 2018	25,10,900
Plant D	January 31, 2019	12,000
Building L	March 6, 2019	6,00,000

[CO2, Unit 2, BTL – HOT, Evaluate]

40. The following is the Profit and Loss Account of the Raj Oil Mills for the financial year 2023-24. Compute its business income on the basis of additional information.

Profit and Loss Account
(For the year ended 31st March, 2024)

Particulars	Rs	Particulars	Rs
	15,000	By Gross Profits	80,000
To Office Salaries	7,000	By Profit on Sale of car	15,000
To General Expenses	1,000	By Recovery of bad debts	5,000
To Bad Debts	3,700	By Interest on Govt. Securities	3,500
To Advertising Expenses	1,500	By Dividends	3,500
To Insurance Premium (fire)	5,000	By Gifts on the occasion of	5,000
To Depreciation	3,000	Gruhapravesam	
To Reserve for bad debts	2,500		
To Donation to a school	2,000		
To Car Expenses	71,300		
To Net Profit	1,12,000		1,12,000

Additional information:

- (a) General expenses include:

- (i) Rs 2,500 as compensation paid to an accountant who had to be removed from service in the interest of business, and
- (ii) Rs 3,300 as contribution paid to the Govt. for laying electric cables for the company's plant.
- (b) Depreciation as regards to the relevant blocks of assets under the Income Tax Act was Rs 3,500.
- (c) In the assessment year 2015-16 the Assessing Officer had refused to allow deduction for the bad debts of Rs 5,000 now recovered.
- (d) Car expenses include Rs 500 attributable to use of car for personal work. [CO2, Unit II, BTL – HOT, Evaluate]

41. Critically explain the conditions and limitations prescribed under Section 54 (income from capital gains) of the Income Tax Act, 1961. [CO2, Unit II, BTL – HOT, Analyze]
42. Explain the rationale behind Minimum Alternate Tax (MAT) and Alternate minimum tax (AMT) and its implications? [CO3, Unit III, BTL – HOT, Analyze]
43. Describe the importance of proper tax management in ensuring compliance with Indian tax laws. [CO3, Unit III, BTL – HOT, Analyze]
44. Explain, how TDS is a tool of advance collection of tax when income arises? [CO4, Unit IV, BTL – HOT, Analyze]
45. Explain the treatment of transfer of assets and benefits of depreciation on corporate restructuring through merger and demerger? [CO4, Unit IV, BTL – HOT, Analyze]

Summary:

CO Wise:

CO	Ques. No	Marks
CO1	1,2,3,4,5,23,24,37,38	85
CO2	6,7,8,9,10,11,12,25,26,27,28,29,30,39,40,41	155
CO3	13,14,15,16,17,31,32,33,42,43	95
CO4	18,19,20,21,22,34,35,36,44,45	95

Unit Wise:

Unit	Ques No	Marks
I	1,2,3,4,5,23,24,37,38	85
II	6,7,8,9,10,11,12,25,26,27,28,29,30,39,40,41	155
III	13,14,15,16,17,31,32,33,42,43	95
IV	18,19,20,21,22,34,35,36,44,45	95

Blooms Taxonomy Level (BTL) Wise

BTL	Ques No	Marks
LOT	1,2,3,4,5,6,7,8,9,10,11,12,13,14,15,16,17,18,19,20,21,22,23,25,26,30,31,32,34,35,36	200
HOT	24,27,28,29,33,37,38,39,40,41,42,43,44,45	230

Prepared By: Neeraj Kumar Poddar

Disclaimer: - This is a Practice Set. The Question in End term examination will differ from the Practice set. This Practice set is meant for practice only.