



Practice Set
End Semester Examination-2025

Program: BALL B Semester: VII
Subject: Principle of Taxation
Subject Code: 24F.422

| Course Outcome | Description |
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| CO 1 | The students will be able to understand the fundamental concepts of taxation |
| CO 2 | The students will be able to comprehend the concept and criteria for determining the residential status of an assess including tax treatment to salary and heads of income. |
| CO 3 | The students will be able to apply theoretical knowledge to practical scenarios involving property income, business profits, and capital transactions. |
| CO 4 | The students will be able to use taxation concepts on various commercial entities and individual income. |

| | Section A | | | (4 x 5= 20) | |
|----|---|-------|-----------|--------------------|-------|
| 1 | Describe the various types of taxes with examples from the Indian tax system. | [CO1] | [Unit 1] | [Remember] | [LOT] |
| 2 | Differentiate between direct and indirect taxes with suitable illustrations. | [CO1] | [Unit 1] | [Understand] | [LOT] |
| 3 | Define and differentiate between Previous Year and Assessment Year. A person earns income from April 2024 to March 2025. Identify the Previous Year and Assessment Year in this case. | [CO1] | [Unit 1] | [Understand] | [LOT] |
| 4 | Describe the different categories of <i>Assessee</i> recognized under the Income Tax Act. Mr. A earns income in India but resides abroad. Identify whether he can be treated as an <i>Assessee</i> under the Income Tax Act. | [CO1] | [Unit 1] | [Remember] | [LOT] |
| 5 | List the five heads of income as per the Income Tax Act, 1961. A taxpayer earns income from teaching, house rent, and selling old machinery. Identify the correct heads of income for each source. | [CO2] | [Unit 2] | [Remember] | [LOT] |
| 6 | Differentiate between Resident, Non-Resident, and Resident but Not Ordinarily Resident (RNOR) with examples. Determine the Residential Status of Mr. X who stayed in India for 150 days in the previous year and 400 days during the last four years. | [CO2] | [Unit 2] | [Understand] | [LOT] |
| 7 | Explain the meaning of Perquisites with suitable examples. | [CO2] | [Unit 2] | [Remember] | [LOT] |
| 8 | List any five incomes that are exempted from income tax. Mr. B earns agricultural income and interest on savings. Classify the incomes and determine which are exempt from tax. | [CO2] | [Unit 2] | [Remember] | [LOT] |
| 9 | Discuss the concept of Income from House Property with suitable examples. Mr. A owns a house that he has rented for ₹20,000 per month. Identify the head under which this income will be taxed. | [CO3] | [Unit 3] | [Remember] | [HOT] |
| 10 | Differentiate between Short-Term Capital Gains and Long-Term Capital Gains. A person sells shares after 18 months of purchase. Identify the type of capital gain and discuss its tax treatment. | [CO3] | [Unit 3] | [Understand] | [LOT] |

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| 11 | Explain the meaning of Profits and Gains of Business or Profession. Identify whether the following incomes are taxable under <i>Profits and Gains of Business or Profession</i> : consultancy fees, commission, and rent from business premises. | [CO3] | [Unit 3] | [Understand] | [LOT] |
| 12 | Classify the following as business income or not: (a) profit from sale of goods, (b) interest on savings account, (c) professional consultancy fees. | [CO3] | [Unit 3] | [Understand] | [LOT] |
| 13 | Explain the concept of Income from Other Sources with suitable examples. Mr. X receives interest on bank deposits and family pension. Identify whether these are taxable under Income from Other Sources. | [CO4] | [Unit 4] | [Remember] | [LOT] |
| 14 | Discuss briefly the Search and Seizure power by income tax authorities | [CO4] | [Unit 4] | [Remember] | [LOT] |
| 15 | Describe the importance of deductions in reducing taxable income. | [CO4] | [Unit 4] | [Remember] | [LOT] |
| 16 | Explain the procedure for obtaining a refund of income tax from the Income Tax Department. | [CO4] | [Unit 4] | [Understand] | [LOT] |

| Section B | | | (4x 10= 30) | | |
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| 17 | Assess the statement — “All capital receipts are not income, and all revenue receipts are not profit.” | [CO1] | [Unit 1] | [Analyze] | [HOT] |
| 18 | Define the term “Agricultural Income”. What are the essential conditions for claiming exemption of income as “Agricultural Income”. | [CO1] | [Unit 1] | [Remember] | [LOT] |
| 19 | Explain the difference between Proportional and Progressive rates of income tax with suitable examples. Compute the tax liability under progressive rates if the first ₹2,50,000 is exempt, the next ₹2,50,000 is taxed at 5%, and the balance at 10% for an income of ₹7,50,000. | [CO1] | [Unit 1] | [Apply] | [HOT] |
| 20 | Define Certain Terms: Persons, Assessee, Income, Application of Income and Diversion of Income by overriding Titles. | [CO1] | [Unit 1] | [Understand] | [LOT] |

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|----|---|-------|-----------|--------------|-------|
| 21 | Explain the rules for determining the residential status of an assessee with suitable examples. Apply the residential status rules to find the status of an Indian citizen working abroad who visits India for 120 days every year. | [CO2] | [Unit 2] | [Understand] | [LOT] |
| 22 | Explain the tax treatment of salary with suitable examples. Compute the taxable salary of an employee who receives ₹6,00,000 as basic pay, ₹50,000 as HRA, and ₹20,000 as transport allowance (assuming applicable exemptions). | [CO2] | [Unit 2] | [Apply] | [HOT] |
| 23 | Analyze the importance of the Charge of Income Tax provision in the overall framework of the Income Tax Act. | [CO2] | [Unit 2] | [Analyze] | [HOT] |
| 24 | Explain the difference between Exempted Income and Deduction with suitable examples. Mr. A receives agricultural income and invests ₹1,50,000 in LIC. Identify which part of his income is exempted and which qualifies for deduction. | [CO2] | [Unit 2] | [Apply] | [HOT] |
| 25 | Describe how the holding period affects the classification of capital gains under the Income Tax Act. Mr. A sells shares after holding them for 18 months and land after 2 years. Classify each gain as short-term or long-term. | [CO3] | [Unit 3] | [Apply] | [HOT] |
| 26 | Explain the concept of Residential Status of companies with examples of resident and non-resident companies. Mr. X Ltd. is incorporated abroad but its board decisions are taken in India. Apply the Income Tax Act provisions to determine its Residential Status. | [CO3] | [Unit 3] | [Apply] | [HOT] |
| 27 | Throws a light on the general rules for calculating Income from Business or Profession as per the Income Tax Act. Mr. A, a practicing doctor, earns consultation fees and incurs various professional expenses. Apply the rules to calculate his taxable professional income. | [CO3] | [Unit 3] | [Apply] | [HOT] |
| 28 | Explain the concept of Capital Gain Taxation and how it arises from the transfer of a capital asset. Mr. A sells land after holding it for 3 years. Apply the rules to determine the type of capital gain and the tax payable. | [CO3] | [Unit 3] | [Apply] | [HOT] |

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| 29 | Discuss the procedure for set off and carry forward of losses under income tax? Mr. A incurs a business loss and a capital gain during the same year. Apply the provisions to determine how the losses can be set off. | [CO4] | [Unit 4] | [Apply] | [HOT] |
| 30 | Describe how Tax Evasion and Tax Avoidance affect the revenue of the government. Apply relevant provisions of the Income Tax Act to identify which practices constitute Tax Evasion and which qualify as Tax Planning. | [CO4] | [Unit 4] | [Remember] | [LOT] |
| 31 | Analyze the rationale behind the imposition of <i>Compensatory Taxes</i> in maintaining public infrastructure. | [CO4] | [Unit 4] | [Analyze] | [HOT] |
| 32 | Evaluate the importance of filing a Return of Income in ensuring transparency, compliance, and accountability in the taxation system. | [CO4] | [Unit 4] | Evaluate | [LOT] |

| Section C | | | | (1x 20= 20) | |
|-----------|---|-------|-----------|-------------|-------|
| 33 | Income of the previous year is chargeable to tax in the immediately following assessment year and state the exception if any. | [CO1] | [Unit 1] | [Evaluate] | [HOT] |
| 34 | Apply the concept of taxation to classify the following as direct or indirect taxes: Income Tax, GST, Customs Duty, Corporate Tax, and Excise Duty. Explain your reasoning for each classification. | [CO1] | [Unit 1] | [Apply] | [HOT] |
| 35 | Explain the test for determination of residential status of individual and Hindu undivided family with help of decided cases. Apply the statutory tests under Section 6 of the Income Tax Act to determine the residential status of (a) an individual who stays in India for 190 days during the financial year, and (b) a Hindu Undivided Family whose control and management of affairs is partly in India. Support your answer with relevant decided cases. | [CO2] | [Unit 2] | [Apply] | [HOT] |

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| 36 | The law of taxation is levied in conformity with fundamental rights of Indian constitution. Discuss | [CO2] | [Unit 2] | [E] | [HOT] |
| 37 | Explain the meaning and scope of the term annual value of house property. How the income from the house property is subject to taxation and what are the scope of exemption? | [CO3] | [Unit 3] | [Analyze] | [HOT] |
| 38 | Define salary. Discuss the nature of income chargeable under the heads of salary. Apply the provisions of the Income Tax Act to identify which of the following are chargeable under the head 'Salaries': basic pay, pension, gratuity, commission, and perquisites provided by the employer. Justify your classification with reasons | [CO3] | [Unit 3] | [Apply] | [HOT] |
| 39 | Apply the provisions of the Income Tax Act to explain how penalties and prosecutions are imposed in cases of tax evasion. Illustrate your answer with examples such as concealment of income or failure to file a return of income. | [CO4] | [Unit 4] | [Apply] | [HOT] |
| 40 | Explain income from other sources by giving illustrations to justify it. Apply the provisions of Section 56 of the Income Tax Act to classify the following items under the head 'Income from Other Sources': dividends, lottery winnings, interest on securities, gifts received, and rent from sub-letting. Give reasons for your classification. | [CO4] | [Unit 4] | [Analyze] | [HOT] |

Summary Sheet

CO Wise

| CO | Q. No | Marks |
|--------------|-------------------------------|--------------|
| CO1 | 11.2.3.4.17.18.19.20.33.34 | 100 |
| CO2 | 5.6.7.8.21.22.23.24.35.36. | 100 |
| CO3 | 9.10.11.12.25.26.27.28.37.38. | 100 |
| CO4 | 13.14.15.16.29.30.31.32.39.40 | 100 |
| Total | | 400 |

| Unit Wise | | |
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| Unit | Q. No | Marks |
| Unit 1 | 1.2.3.4.17.18.19.20.33.34 | 100 |
| Unit 2 | 5.6.7.8.21.22.23.24.35.36 | 100 |
| Unit 3 | 9.10.11.12.25.26.27.28.37.38 | 100 |
| Unit 4 | 13.14.15.16.29.30.31.32.39.40. | 100 |
| Total | | 400 |

| Blooms Taxonomy Level (BTL) Wise | | |
|---|---|--------------|
| BTL | Q. No | Marks |
| LOT | 1.2.3.4.5.6.7.8.9.10.11.12.13.14.15.16.18.20 | 100 |
| HOT | 17.19.21.22.23.24.25.26.27.28.29.30.31.32.33.34.3 5.36.37.38.39.40 | 300 |
| Total | | 400 |

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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.