



NP – 398

V Semester B.B.A. (Aviation Management) Examination, Jan./Feb. 2025

(NEP) (Freshers/Repeaters)

**5.2 : INCOME TAX LAW AND PRACTICE**

Time : 2½ Hours

Max. Marks : 60

**Instruction :** Answers should be written in **English** only.

**SECTION – A**

Answer **any 6** sub-questions. **Each** sub-question carries **2** marks : **(6×2=12)**

1. a) What is direct and indirect tax ?
- b) State any two criteria for determining the residential status of an individual.
- c) Define “Agricultural Income” under the Income Tax Act.
- d) Name two allowances that are fully exempt from tax.
- e) Who is considered “deemed owner of house property” ?
- f) What do you mean by profession ?
- g) Mention two expenses that are expressly disallowed under Income Tax Act.
- h) What is capital gain under Income Tax Act ?

P.T.O.



## SECTION – B

Answer **any 3** questions. **Each** question carries **4** marks :

(3×4=12)

2. Mr. Vishal an employee of XYZ Ltd. Mysore, has left India for the first time on 16<sup>th</sup> July 2023 for higher training in U.K. Calculate his residential status for the A.Y. 2024-2025.

3. Mrs. Kalpana (resident) an employee of Central Govt in Bengaluru submit the following information. Compute her net salary for the A.Y. 2024-25. (Ignore Alternative Tax Regime under Section 115 BAC)

Basic salary ₹ 40,000 per month

DA 30% of basic (60% enters into all retirement benefits)

HRA ₹ 3,500 per month

Annual Bonus ₹ 15,000

Entertainment allowance ₹ 15,000

Rent paid by Kalpana is ₹ 72,000 p.a.

4. Calculate Gross Annual value of Mr. Ajay.

Annual Rent ₹ 1,02,000 p.a.

MRV ₹ 65,000 p.a.

FRV ₹ 69,000 p.a.

Standard Rent ₹ 55,000.

The assessee could not realise rent for one month and the house also remained vacant for three months during the previous year 2023-24.



5. Prepare format for computation of Income from profession in case of Chartered Accountant.
6. Explain the deduction U/S 80D and deduction U/S 80E.

SECTION – C

Answer **any 3** questions. **Each** question carries **12** marks :

**(3×12=36)**

7. Compute his Gross Total Income based on different residential status.
  - 1) Royalty received outside India from government of India ₹ 17,000.
  - 2) Technical fees received from A Ltd. (a Indian Co.,) in Germany for advise given by him in respect of a project situated in Iran ₹ 1,17,000.
  - 3) Income from a business situated in Sri Lanka (goods are sold in Sri Lanka, sale consideration is received in Sri Lanka but business is controlled and managed from India) ₹ 2,17,000.
  - 4) Income earned from a business in Uganda, the business is controlled from Delhi (₹ 15,000 is received in India) ₹ 65,000.
  - 5) Pension (computed) from the government of India for the service rendered in Rangoon and received in Rangoon ₹ 18,000.
  - 6) Profit from a business in Goa, the business is wholly controlled and managed from Portugal and the whole profits are received in France, ₹ 75,000.





- 7) Cash gifts received in India from a relative in USA ₹ 40,000.
- 8) Income from agriculture in Indonesia ₹ 1,00,000, 50% of income is received in India ₹ 50,000 and the balance is received and used for son education in London. [ignore Alternative Tax Regime under Section 115 BAC]
8. Mr. X, a physically handicapped person working in ABC Company Ltd. Bangalore has furnished the following details of his income for the year 2023-24. Compute his income from salary for the A.Y. 2024 – 25 (under existing tax regime).
- a) Basic salary ₹ 40,000 pm.
  - b) Dearness allowance enter into retirement benefits ₹ 24,000 p.m.
  - c) Fixed percentage of commission on sales ₹ 15,000 p.m.
  - d) Bonus ₹ 65,000.
  - e) HRA ₹ 12,500 p.m. (Rent paid ₹ 10,600 p.m.)
  - f) Transport allowance ₹ 4,000 p.m.
  - g) Reimbursement of medical expenses ₹ 2,500 for treatment taken in private hospital.
  - h) Management contribution and own contribution to RPF is 15% of salary.
  - i) Interest credited to RPF is ₹ 11,000 at 11% p.a.
  - j) Professional tax paid by employee is ₹ 400 p.m.
  - k) He is provided with more than 1.6 liter capacity car by the company for official use. All the expenses including salary of the driver are met by the company.
  - l) Children education allowance ₹ 600 p.m. per child for two children and children hostel allowance ₹ 1,000 p.m. for two children.



9. Mr. Maruthi own three houses in Mangaluru from the following particulars. Compute his taxable income from house property for the A.Y. 2024-25 (Ignore Alternative Tax Regime)

| Particulars                                      | House I  | House II | House III |
|--|----------|----------|-----------|
|  | (₹)      | (₹)      | (₹)       |
| Municipal value                                  | 60,000   | 90,000   | 65,000    |
| Fair rent  | 65,000   | 1,00,000 | 60,000    |
| Rent received                                    | —        | 88,000   | —         |
| Municipal tax paid @<br>10% of municipal value   |          |          |           |
| Repairs  | 1,000    | 8,000    | 6,000     |
| Interest on loan taken<br>for House construction | 2,15,000 | 10,000   | 8,000     |
| House used                                       | SOP      | Let out  | SOP       |

House I and House III is self occupied House II is Let out.

10. From the profit and loss account of Mr. Ramesh for the year ended 31-3-2024. Calculate his income from business for the A.Y. 2024-25 (Ignore Alternative Tax Regime under Section 115 BAC)

| Particulars         | Amount | Particulars     | Amount   |
|---------------------|--------|-----------------|----------|
|                     | (₹)    |                 | (₹)      |
| To Office expenses  | 40,000 | By Gross profit | 6,40,000 |
| To General expenses | 16,000 | By Interest on  |          |
| To Interest on Bank | 4,000  | government      |          |
| Loan                |        | securities      | 11,200   |



|                        |                 |                      |                 |
|------------------------|-----------------|----------------------|-----------------|
| To Audit fees          | 4,000           | By Discount received | 16,000          |
| To Interest on capital | 12,000          | By Bad debts         |                 |
| To Rent                | 20,000          | recovered            |                 |
| To Provision for       |                 | (not written off     |                 |
| income tax             | 16,000          | earlier years)       | 800             |
| To Charity             | 8,000           | By Sundry receipts   | 16,000          |
| To Legal expenses      | 4,000           | By Dividend          | 16,000          |
| To Compensation to     |                 |                      |                 |
| retrenched employee    | 20,000          |                      |                 |
| To Extension of        |                 |                      |                 |
| Building               | 36,000          |                      |                 |
| To GST                 | 8,000           |                      |                 |
| To Net profit          | 5,12,000        |                      |                 |
|                        | <b>7,00,000</b> |                      | <b>7,00,000</b> |

#### Additional Information :

- 1) General charges included ₹ 8,000 towards purchase of computer.
- 2) Legal expenses include ₹ 1,600 penalty by custom authority.
- 3) Rent includes ₹ 8,000 paid as rent of the house in which assessee live.
- 4) Depreciation allowed ₹ 12,000 as per income tax rules (Excluding depreciation on Computer purchased).
- 5) Income tax provision is excessive to the extend of ₹ 5,000.



11. Mr. Srinath (Resident) is employed by AB Co. Ltd. He submit the following particulars of his income and expenditure for the P.Y. 2023-24. Calculate the total income.

(ignore Alternative Tax Regime under Section 115 BAC).

- 1) Income from salary ₹ 6,00,000.
  - 2) Income from other sources ₹ 2,00,000.
  - 3) Own contribution to NPS ₹ 40,000.
  - 4) Own contribution to RPF ₹ 2,00,000.
  - 5) Deposit in notified annuity plan of LIC ₹ 5,000.
-