



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 ?



SECTION – B

Answer any 3 questions. Each question carries 4 marks : $(3 \times 4 = 12)$

2. Mr. Vishal an employee of XYZ Ltd. Mysore, has left India for the first time on 16th 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 Government 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).
- Basic salary ₹ 40,000 pm.
 - Dearness allowance enter into retirement benefits ₹ 24,000 p.m.
 - Fixed percentage of commission on sales ₹ 15,000 p.m.
 - Bonus ₹ 65,000.
 - HRA ₹ 12,500 p.m. (Rent paid ₹ 10,600 p.m.)
 - Transport allowance ₹ 4,000 p.m.
 - Reimbursement of medical expenses ₹ 2,500 for treatment taken in private hospital.
 - Management contribution and own contribution to RPF is 15% of salary.
 - Interest credited to RPF is ₹ 11,000 at 11% p.a.
 - Professional tax paid by employee is ₹ 400 p.m.
 - 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.
 - 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 @ 10% of municipal value			
Repairs	1,000	8,000	6,000
Interest on loan taken 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 income tax	16,000	(not written off 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		
	7,00,000		7,00,000

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 is notified annuity plan of LIC ₹ 5,000.
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