23BSB419N

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BVoc DEGREE EXAMINATION MAY 2026
(Fourth Semester)

Branch – **BANKING, STOCK AND INSURANCE**

INCOME TAX

Time: Three Hours Maximum: 75 Marks

SECTION-A (10 Marks)

Answer **ALL** questions
ALL questions carry **EQUAL** marks (10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	An individual stayed in India for 190 days during the previous year. His residential status will be: (i) Non-Resident (ii) Resident but Not Ordinarily Resident (iii) Resident (iv) Not taxable in India	K1	CO1
	2	Which of the following incomes is fully exempt from tax? (i) Salary income (ii) Agricultural income (iii) Business profit (iv) Interest on bank savings account	K2	CO1
2	3	Salary is taxable on: (i) Due basis only (ii) Receipt basis only (iii) Due or Receipt, whichever is earlier (iv) Cash basis only	K1	CO2
	4	Standard deduction from Net Annual Value under House Property is: (i) 20% (ii) 30% (iii) 24% (iv) 50%	K2	CO2
3	5	Which of the following is taxable under the head "Profits and Gains of Business or Profession"? (i) Salary received by an employee (ii) Profit from sale of goods (iii) Agricultural income (iv) Dividend from company	K1	CO3
	6	Capital gain arises on: (i) Sale of stock-in-trade (ii) Sale of personal drawings (iii) Sale of capital asset (iv) Salary income	K2	CO3
4	7	Donation to Swachh Bharat Kosh is eligible for: (i) 50% deduction of amount donated (ii) 100% deduction of amount donated (iii) Not deductible (iv) Deduction only up to ₹10,000	K1	CO4
	8	Long-term capital loss can be carried forward for how many years? (i) 4 years (ii) 6 years (iii) 8 years (iv) Indefinitely	K2	CO4
5	9	The Assessing Officer has the power to: (i) Conduct search & seizure under proper authorization (ii) Accept or reject return without reason (iii) Levy tax arbitrarily without following IT Act (iv) Freeze bank accounts permanently	K1	CO5
	10	Which of the following is required for filing Income Tax Return online in India ? (i) PAN and login on Income Tax e-filing portal (ii) Only Aadhaar card (iii) Only bank account number (iv) Passport	K2	CO5

Cont…

SECTION - B (35 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** Marks (5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Classify the above into Capital and Revenue expenditure. Mr. A incurred the following expenses during the year: 1. ₹5,00,000 for purchase of new machinery 2. ₹40,000 for repair of existing machinery 3. ₹1,20,000 for advertisement 4. ₹2,50,000 for extension of factory building	K1	CO1
		(OR)		
	11.b.	Mr. R stayed in India for: 200 days during FY 2024-25; 400 days during the 4 preceding previous years. He is an Indian citizen working in India. He has the following incomes: ₹6,00,000 earned in India, ₹3,00,000 earned in UK and received in UK Determine his residential status for the assessment year 25-26. What income is taxable in India?		
2	12.a.	Compute Gross Salary. Mr. A receives: Basic Salary ₹4,00,000 ; Dearness Allowance ₹1,00,000 ; Bonus ₹50,000	K4	CO2
		(OR)		
	12.b.	Examine the types of rental values.		
3	13.a.	Draft the format of business income.	K4	CO3
		(OR)		
	13.b.	Mr. A purchased a plot of land for ₹4,00,000 in April 2015 and sold it for ₹9,00,000 in May 2024. Expense on transfer amounted to ₹20,000. Compute Capital Gain.		
4	14.a.	Explain the provision of income tax act 1961 regarding carry forward and set off of losses.	K4	CO4
		(OR)		
	14.b.	Shri. Anil earned gross total income of Rs.5,000 in the previous year 2 and made the following donations during the year: i) Rs. 10,000 to Chief ministers Earth Quake Relief fund Gujarat. ii) Rs.15,000 to National Foundation for Communal Harmony. iii) Rs. 20,000 to Municipal Corporation approved for Promotion of family planning iv) Rs.45,000 to approved institutions v) Rs.20,000 to Swachh Bharat Kosh. compute Deductions u/s 80G.		
5	15.a.	Categorize Concept of E-filing.	K4	CO5
		(OR)		
	15.b.	Examine the Powers of assessing officer.		

SECTION -C (30 Marks)

Answer **ANY THREE** questions

ALL questions carry **EQUAL** Marks (3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	List out any 10 exempted incomes.	K1	CO1
2	17	Compute the amount of HRA exemption. Mr. Rohan lives in Mumbai (metro city). He provides the following details: Basic Salary = ₹40,000 per month; Dearness Allowance (forming part of salary) = ₹10,000 per month ; HRA received = ₹18,000 per month; Rent paid = ₹20,000 per month	K4	CO2

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Compute the income under the head. Profit and gains of business on profession for the P & L a/c of manufacturer for the year ending 31st March.
<table>
<tr><td></td><td>Rs.</td><td></td><td>Rs.</td></tr>
<tr><td>Salaries to employees</td><td>95,000</td><td></td><td></td></tr>
<tr><td>Advertisement</td><td></td><td>Gross Profit</td><td>3,80,000</td></tr>
<tr><td>Expenses (in cash)</td><td>24,000</td><td>Interest on Securities</td><td>14,000</td></tr>
<tr><td>General exps</td><td>16,000</td><td>Income from House property</td><td>25,000</td></tr>
<tr><td>Entertainment expenses</td><td>22,000</td><td>Bad debts Recovered (allowed earlier)</td><td>12,000</td></tr>
<tr><td>Bad debts</td><td>1,500</td><td></td><td></td></tr>
<tr><td>Drawing by the proprietor</td><td>24,000</td><td></td><td></td></tr>
<tr><td>Sales tax due and paid on 1.7.03</td><td>6,000</td><td></td><td></td></tr>
<tr><td>Interest on proprietor's capital</td><td>7,000</td><td></td><td></td></tr>
<tr><td>Repairs</td><td>2,500</td><td></td><td></td></tr>
<tr><td>Rent</td><td>21,000</td><td></td><td></td></tr>
<tr><td>Legal expenses</td><td>5,000</td><td></td><td></td></tr>
<tr><td>Depreciation</td><td>15,000</td><td></td><td></td></tr>
<tr><td>Bonus(due)</td><td>6,000</td><td></td><td></td></tr>
<tr><td>Bonus to the proprietor</td><td>4,000</td><td></td><td></td></tr>
<tr><td>Car purchased</td><td>72,000</td><td></td><td></td></tr>
<tr><td>Expenses on car during the year</td><td>12,000</td><td></td><td></td></tr>
<tr><td>Donation</td><td>2,000</td><td></td><td></td></tr>
<tr><td>Provision for bad debts</td><td>6,000</td><td></td><td></td></tr>
<tr><td>Net profit</td><td>90,000</td><td></td><td></td></tr>
<tr><td></td><td>4,31,000</td><td></td><td>4,31,000</td></tr>
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From the examination of books of accounts the following other information are also available:
i)Advertisement expenses were spent on insertions in Newspapers.
ii)Rs. 3,000 were spent on purchase of land and are included in legal expenses.
iii)Half – of the repair expenses were on let out building .
iv)Depreciation allowable on all assets including car is Rs. 14,400.
v)Bonus was paid to employees on 30.6.2024 and date of filling of return is 31.7.2024.
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<td>K4</td>
<td>CO3</td>
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Compute income from other sources :
1. interest on deposit with a company Rs. 10,000
2. University remuneration on Working as examiner Rs. 6,000
3. Royalty for writing books Rs.60,000. He claims to have spent Rs. 20,000 on writing these books.
4. Dividend declared by R &Co. on 1.3.16 but paid on 1.5.2016 Rs. 6,000
5. Interim dividend paid on 1.5.15 Rs. 3,000
6. Stake money on race horses Rs, 1,50,000. Horses are maintained by him and expenses on maintenance of these horses are Rs. 2,40,000.
7. Family pension received Rs. 36,000.
</td>
<td>K4</td>
<td>CO4</td>
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<td>5</td>
<td>20</td>
<td>Analyse the Provisions relating to search and Seizure.</td>
<td>K4</td>
<td>CO5</td>
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Z-Z-Z END