

QP CODE

H1022

Enrollment Number:

Name:

B.COM DEGREE EXAMINATIONS, FEBRUARY 2026

Fourth Semester

B.Com

B21CM07DC – Income Tax – I

(2023 July Admissions)

Time: 3 Hours

Max Marks: 70

Section A

Answer any ten of the following questions in a word or sentence each. Each question carries 1 mark.

1. Which Article of the Constitution states that no tax shall be levied except by authority of law?
2. Name the organization responsible for administering direct taxes in India.
3. Income tax was first introduced in India during which year?
4. Which type of income is always taxable in India irrespective of residential status?
5. A company is considered resident in India if its POEM is located where?
6. Does an individual's residential status under the Income Tax Act depend on their nationality?
7. Salary is taxable on what basis — due, paid, or accrual?
8. Which allowance is granted to employees to compensate for high cost of living in cities?
9. Name the standard deduction allowed from salary.
10. Pension received by a retired employee is taxable under which head?
11. What is the statutory deduction rate under Section 24(a)?
12. Deduction for interest on borrowed capital for self-occupied property is capped at what amount?
13. What conditions must be fulfilled for unrealised rent to be allowed as a deduction?
14. Which section lists incomes chargeable under "Profits and Gains of Business or Profession"?
15. Exemption under Section 54 is available for transfer of which capital asset?

(1X10=10)

Section B

Answer any five of the following questions in two or three sentences each. Each question carries 2 marks.

16. State any two characteristics of taxable income.
17. Define a 'Person' under Section 2(31).

18. Raj is Karta of Hindu Undivided Family. He went outside India on 1st May, 2024. He came back on 10th Feb., 2025. In his absence the business of the family was controlled by his brother. The family has business in India as well as in China, Compute the residential status of the HUF for the Assessment Year 2025-26.
19. Give any two situations where income is deemed to accrue in India.
20. What is Profit in lieu of salary?
21. List any two retirement benefits included under salary income.
22. Define 'Annual Value'.
23. What is composite rent?
24. What is speculative business?
25. Define capital asset.

(2X5=10)

Section C

Answer any four of the following questions in one page each. Each question carries 5 marks.

26. Discuss the computation process of salary income.
27. Explain the tax treatment of employer's and employee's contribution to recognised provident fund.
28. Mr.S retires from a company on 4th January, 2025 after serving 16 years. At the time of retirement his basic salary was Rs. 88,000 per month and he was also entitled to dearness allowance of Rs. 16,000 per month. On the retirement he received Rs. 12,00,000 as gratuity. He is covered under the Payment of the Gratuity Act. Compute the taxable amount of gratuity.
29. How is income from let-out house property computed?
30. Discuss the treatment of arrears of rent and unrealised rent.
31. Explain the concept of deemed ownership.
32. Discuss the method of computing taxable profits from business.
33. Explain the classification of capital gains with examples.

(5X4=20)

Section D

Answer any two of the following questions in four pages each. Each question carries 15 marks.

34. Explain the evolution of income tax in India, components of income tax law, and discuss the merits and demerits of direct and indirect taxes.
35. Mr. A furnishes the following particulars of his income earned during the previous year relevant to the Assessment Year 2025-26:
 - a) Interest on German Development Bonds (one third is received in India) Rs. 51,000
 - b) Income from agriculture in Bangladesh, remitted to India Rs. 31,000
 - c) Income from property in Canada received in the U.S.A. Rs. 1,10,000
 - d) Income earned from business in Kuwait, business being controlled from Mumbai (Rs. 25,000 is received in India) Rs. 65,000

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- e) Dividend from an Indian Company Rs. 15,000.
- f) Royalty received in Singapore from Mr. Ravid, a resident in India, for technical services provided for a business carried on in Singapore Rs. 25,000.
- g) Profit from a business in Chennai; this business is controlled from Singapore Rs. 1,25,000.
- h) Profit on sale of a building in India, but received in Nepal Rs. 2,50,000
- i) Income from agriculture in Punjab, received in Mumbai Rs. 30,000
- j) Profit from business in Indonesia; this business is controlled from Delhi (60% of the profit deposited in a bank there and 40% is remitted to India) Rs. 40,000.
- k) Interest received from Mr. Sayal, a non-resident, on the loan provided to him for a business in India Rs. 28,000

Compute his Gross Total Income, if he is:

(i) Ordinarily resident, (ii) Not-ordinarily resident, (iii) Non-resident.

36. Explain in detail the provisions relating to computation of business income, including allowable and disallowable expenses, with suitable examples.
37. Explain the computation of capital gains including full value of consideration, cost of acquisition, cost of improvement, indexed cost, exemptions, and deductions.

(15X2=30)