

2025

(6th Semester)

COMMERCE

Paper : BC-604

(Income Tax Law and Practice)

Full Marks : 70 Pass Marks : 45%

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 45)

*The figures in the margin indicate full marks
for the questions*

1. (a) Explain the following as per provisions
of the Income-tax Act, 1961 : 3×3=9

(i) Total or net taxable income

(ii) Person and assessee

(iii) Tax planning

Or

- (b) Explain the scope of total income
(incidence of tax) on the basis of
residence.

9

2. (a) Explain in detail the different heads of income under the Income-tax Act. 9

Or

- (b) Mr. X is a production manager of an industrial unit at Mumbai. The particulars of his salary income are as under :

(i) Basic salary—₹ 40,000 p.m.

(ii) Dearness allowance (given under the terms of employment)—₹ 15,000 p.m.

(iii) Entertainment allowance—₹ 1,000 p.m.

(iv) Medical allowance—₹ 500 p.m.

(v) House rent allowance—₹ 12,000 p.m.

(vi) Rent paid for the house—₹ 15,000 p.m.

(vii) Car of 1.2 litres capacity provided by employer for private and official use. Employer meets expenses of car.

(viii) He and his employer each contribute 13% of salary to Recognized Provident Fund (RPF)

(ix) Mr. X had taken interest-free loan of ₹ 15,000 to purchase a television. Compute income under the head of salary for the Assessment Year 2023-24. 9

3. (a) Explain the procedures of assessment of tax liability of an individual under the Income-tax Act. 9

Or

- (b) What is 'Tax Deducted at Source'? Discuss the provisions of the Income-tax Act, 1961 relating to deduction of tax at source. 2+7=9

4. (a) What is 'Income Tax Appellate Tribunal'? Discuss the power and functions of Appellate Tribunal. 2+7=9

Or

- (b) Discuss briefly the procedure of an appeal to the Commissioner (Appeals). 9

5. (a) State the constitution, power and authority of the Central Board of Direct Taxes (CBDT). 9

Or

- (b) Who is an ITO (Income Tax Officer)? Explain the power and functions of ITO in the context of income tax authorities. 2+7=9

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COMMERCE

Paper : BC-604

(Income Tax Law and Practice)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

1. Indicate whether the following statements are *True (T)* or *False (F)* by putting a Tick (✓) mark : 1×5=5

(a) An individual is said to be resident of India for any previous year if he fulfills any one of the two conditions given u/s 6(1).

(T / F)

(b) Standard deduction u/s 16(ia) is allowed out of salary income.

(T / F)

(c) Income from subletting is not taxable under the head 'income from house property'.

(T / F)

(2)

(d) Assets (except shares) transferred after a period of 36 months are called long-term capital assets.

(T / F)

(e) A bank deducts tax at source out of interest on fixed deposit if the amount of interest exceeds ₹ 40,000 for individuals.

(T / F)

2. Choose the correct answer and place its code in the brackets provided : $1 \times 10 = 10$

(a) An individual who wants to be resident of India u/s 6(i)(a), must stay in India for at least

(i) 182 days

(ii) 365 days

(iii) 730 days in 7 previous years

(iv) None of the above

(b) Reimbursement of medical bill for the treatment from a government hospital is

(i) full exempted

(ii) exempted up to ₹ 15,000

(iii) exempted up to one month's salary of the employee

(iv) None of the above

(3)

(c) Standard deduction u/s 24 is

(i) $\frac{1}{4}$ th of net annual value

(ii) $\frac{1}{5}$ th of net annual value

(iii) 30% of net annual value

(iv) ₹ 10,000

(d) Gross annual value (GAV) of self-occupied house is

(i) always nil

(ii) always fully taxable

(iii) higher of municipal rent value or fair rent value

(iv) None of the above

(e) Bad debt allowed earlier in respect of business but recovered later is

(i) exempt

(ii) taxable as casual income

(iii) taxable as business income

(iv) taxable as other source

(4)

- (f) Which of the following gifts is taxable?
- (i) Gift from wife
 - (ii) Gift from son
 - (iii) Gift in kind from relatives
 - (iv) None of the above []

(g) Deduction under Section 80E is available in respect of

- (i) repayment of loan taken for higher education
- (ii) interest on loan taken for higher education
- (iii) medical treatment of self
- (iv) interest on housing loan []

(h) Which of the following Sections can be applied for deduction in respect of donation to the Prime Minister's Relief Fund?

- (i) 80C
- (ii) 80D
- (iii) 80G
- (iv) 80GGB []

(5)

(i) An individual is liable to pay surcharge @ 10%, if his total income exceeds

- (i) ₹ 1 crore
- (ii) ₹ 2 crores
- (iii) ₹ 50 lakhs
- (iv) ₹ 50 lakhs but does not exceed ₹ 1 crore []

(j) Tax on long-term capital gain (excepting share) is

- (i) 20%
- (ii) 25%
- (iii) 30%
- (iv) 10% []

(6)

3. Write short notes on any five of the following: $2 \times 5 = 10$

(a) Residential status

- (i) ₹ 1 crore
 - (ii) ₹ 2 crores
 - (iii) ₹ 50 lakhs in relation to gift in the
 - (iv) ₹ 50 lakhs but does not exceed ₹ 1 crore
- []
- (i) Deduction under Section 80E is available in relation to loan taken for higher education.
- (ii) 25%
- (iii) interest on loan taken for higher education
- (iv) 10% for self or treatment of self
- (v) interest on housing loan

(b) Which of the following Sections can be applied for deduction in respect of donation to the Prime Minister's Relief Fund?

- (i) 80C
- (ii) 80D
- (iii) 80G
- (iv) 80GGB

(7)

(b) Tax evasion

(8)

3. With any of the following provisions:
(c) Provident fund

(a) Residential status

(9)

(d) Annual value (income from house property) (e)

(10)

(e) Advance tax

(11)

(f) Casual income

(12)

(g) Capital gain

Casual income (1)
