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PRESIDENCY UNIVERSITY

BENGALURU

Mid - Term Examinations – October 2025

Date: 08-10-2025

Time: 09.30am to 11.00am

School: SOL	Program: BA/BBA/B.Com LLB	
Course Code: LAW3010	Course Name: Law of Taxation	
Semester: IX	Max Marks:50	Weightage:25%

CO - Levels	C01	C02	C03	C04	C05
Marks	26	24			

Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Do not write anything on the question paper other than roll number.

Part A

Answer ALL the Questions. Each question carries 2marks.

5Q x 2M=10M

1	Describe the difference between regular receipt and windfall receipt.	2 Marks	L1	C01
2	Explain with examples on income from profession and business.	2 Marks	L1	C01
3	Discuss the difference between tax, cess and fees.	2 Marks	L1	C01
4	Explain the concept of Maximum Marginal Rate and Average Tax Liability rate.	2 Marks	L2	C02
5	Define the term 'person' under the Income Tax Act, 1961	2 Marks	L2	C02

Part B

Answer the Questions.

Total Marks 40M

6.	Analyse the treatment of allowances such as HRA, transport allowance, and special allowances under the Income Tax Act, 1961. How do exemptions under Section 10 affect taxable income?	10 Marks	L1	CO 1
Or				
7.	Raj is employed in a public sector company and is paid a sum of Rs	10 Marks	L1	CO

	<p>10,00,000 on Voluntary Retirement from service. The normal age of retirement in the company is 60 and Raj who was 40 at the time of retirement had completed 20 years of service. His monthly salary at the time of retirement was as follow:</p> <ul style="list-style-type: none"> - Basic pay – Rs 20,000 - D.A. – Rs 5000 <p>What is the amount of compensation taxable under the Income Tax Act 1971?</p>			1
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8.	<p>Mr. Vijay owns two residential houses – one in Delhi (self-occupied) and another in Mumbai (kept vacant). The Assessing Officer proposes to treat one property as deemed to be let out.</p> <p>Discuss the legal provisions for determining taxable income in such cases and compute taxable income, assuming municipal value ₹4,00,000 and standard deduction is applicable.</p>	10 Marks	L2	CO 2
Or				
9.	<p>Explain the concept of <i>clubbing of income</i>. Under what circumstances can income of one person be included in the income of another?</p>	2+8 Marks	L2	CO 2

10.	<p>Discuss on the computation of income from <i>Salaries</i>. Which allowances and perquisites are taxable, and which are exempt?</p>	10 Marks	L1	CO 1
Or				
11.	<p>Mr. Sanjay provide the following information –</p> <ul style="list-style-type: none"> - Basic Salary – Rs 12,000 p.m. - D.A. (40% forms part of salary) – Rs 1000 p.m. - Lunch Allowance – Rs 500 p.m. - Medical Allowance – Rs 1000 p.m. - Children Education Allowance (for 2 children) – Rs 500 p.m. per child - He is provided with a rent-free accommodation in Delhi. - The cost of furniture provided is Rs 2,00,000 and 1 AC which have been taken on hire by the company have also been provided in the accommodation. - The hire charges of each AC is Rs 5000 p.a. <p>Compute the value of rent-free accommodation that has been taken on rent by the company at Rs 5000 p.m. and also income from Salaries.</p>	5+5 Marks	L1	CO 1

12.	<p>Mr. Rajeev entered into a lease agreement with Mr. Akshay, under which he took a house on lease by paying a monthly lease rent of ₹2,000. Instead of using the house for his personal residence, Mr. Rajeev decided to sub-let the property to Mr. Sanjay for a monthly rent of ₹4,000.</p> <p>Meanwhile, Mr. Rajeev owned another house property for which he incurred the following expenses during the year:</p> <ul style="list-style-type: none"> • Municipal Tax: ₹5,000 • Water Tax: ₹7,000 • Repairs: ₹4,000 • Security Services: ₹2,000 <p>Compute the taxable income under the appropriate head of income in the above cases, giving reasons for your treatment.</p>	10 Marks	L2	CO 2
Or				
13.	<p>An employer arranges for the personal travelling and accommodation of an employee and his family in a holiday resort owned by the employer. The total stay at the resort is 10 days and the market rate of the holiday resort is ₹15,000 per day.</p> <p>Compute the value of perquisite in the hands of the employee, giving reasons for your answer.</p>	10 Marks	L2	CO 2