Roll No.												

PRESIDENCY UNIVERSITY

BENGALURU

End - Term Examinations – December 2025

Date: 10 – 12- 2025 **Time:** 09:30am – 12:30pm

School: SOL	**Program**: BA/BBA/BCom LLB (Hons)	
Course Code : LAW3010	**Course Name:** Law of Taxation	
Semester: IX	**Max Marks**: 100	**Weightage**: 50%

CO - Levels	CO1	CO2	CO3	CO4	CO5
Marks	8	46	14	12	20

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. **10Q x 2M=20M**

1.	Define *"assessment year"* and *"previous year"* under the Income Tax Act.	**2 Marks**	**L1**	**CO1**
2.	Define *"Annual Value"* of a house property.	**2 Marks**	**L1**	**CO1**
3.	How is Leave Travel Allowance (LTA) taxed?	**2 Marks**	**L2**	**CO2**
4.	What are *profits in lieu of salary*? Give two examples of receipts taxable under this category.	**2 Marks**	**L2**	**CO2**
5.	Explain the meaning and purpose of *depreciation* under Section 32 and state the conditions required for claiming it.	**2 Marks**	**L3**	**CO3**
6.	What is the difference between *speculative business income* and *non-speculative business income*?	**2 Marks**	**L4**	**CO4**
7.	What is the standard deduction available under Section 24(a)?	**2 Marks**	**L3**	**CO3**
8.	How is *employer's contribution* to the Recognised Provident Fund treated under the head Income from Salary?	**2 Marks**	**L2**	**CO2**
9.	Define the term *"tax"* under the Law of Taxation.	**2 Marks**	**L1**	**CO1**
10.	Explain the tax treatment of *gratuity* received by government and non-government employees at the time of retirement.	**2 Marks**	**L1**	**CO1**

Part B

Answer the Questions. **Total Marks 80M**

11.	**a.**	Discuss in detail the provisions relating to *Income from Salaries*. What allowances and perquisites are taxable, and which are exempt?	**5+5 Marks**	**L2**	**CO2**
		Or			
12.	**a.**	Ms. Priya owns a duplex house. The ground floor is let out for ₹25,000 per month, and the first floor is self-occupied. The municipal value of the whole house is ₹5,40,000, and municipal taxes of ₹24,000 were paid during the year. The loan taken for purchase amounts to ₹40,00,000, with annual interest payable of ₹3,00,000. Repairs and collection charges are not separately paid. Compute the income chargeable under the head 'Income from House Property', showing the working for both portions separately.	**10 Marks**	**L2**	**CO2**

13.	**a.**	Discuss the deductions permissible under Section 24 while computing income from house property.	**10 Marks**	**L3**	**CO3**
		Or			
14.	**a.**	Explain how is income computed in the case of a partly self-occupied and partly let-out property and other various kinds of properties? Illustrate with an example for each.	**10 Marks**	**L3**	**CO3**

15.	**a.**	Arjun owns a property which was let out at ₹30,000 per month from April to September 2025. Thereafter, it remained vacant till March 2026 (assumption). The municipal value is ₹3,60,000, fair rent ₹3,00,000, and standard rent ₹3,20,000. Compute the Gross Annual Value.	**10 Marks**	**L4**	**CO4**
		Or			
16.	**a.**	Compute HRA on the following transaction of Ms. Elena: - Ms. Elena is drawing a basic salary of Rs 12,000 p.m.; D.A. Rs 4000 p.m. and a fixed commission of Rs 500 p.m. till 31.12.2024. - Assume that DA is included for calculation of Retirement Benefits. - Her basic salary was increased from 01.01.2025 to Rs 15,000 and D.A. to Rs 5000 p.m.	**10 Marks**	**L4**	**CO4**

		- If HRA is Rs 6000 p.m. and rent is Rs 5000 p.m. What is her taxable HRA given that she lived with her parents at their accommodation till 30.09.2024 and from 01.10.2024 he started living in a rented house?			

17.	**a.**	Mr. Vivek owns a property in Delhi consisting of two equal halves. He self-occupied one half for 8 months and let it out for 4 months at ₹22,000 per month, while the other half was let out for the entire year at ₹25,000 per month. • Municipal value (whole property): ₹5,40,000 • Municipal taxes paid: ₹18,000 • Interest on borrowed capital: ₹2,80,000 Compute the Income from House Property for the Assessment Year 2025–26, giving *separate workings for both halves* based on *area and period of occupation*.	**15 Marks**	**L2**	**CO2**
		Or			
18.	**a.**	Mr. Sanjay owns a duplex house in Pune. The upper floor (40%) was self-occupied throughout the year, and the lower floor (60%) was let out for the full year at ₹35,000 per month. • Municipal value (whole house): ₹6,00,000 • Municipal tax paid: ₹24,000 • Interest on loan for construction: ₹3,00,000 Compute the taxable income from house property for A.Y. 2025–26, showing *area-based allocation* of expenses and deductions between the self-occupied and let-out portions.	**15 Marks**	**L2**	**CO2**

19.	**a.**	Discuss in detail the scope and meaning of 'business' and 'profession' under Section 2(13) and 2(36) of the Income-tax Act. Examine the principles governing chargeability of income under this head and distinguish between business income and casual or non-recurring profession income.	**5+10 Marks**	**L2**	**CO2**
		Or			
20.	**a.**	Discuss the treatment of casual incomes such as winnings from lotteries, crossword puzzles, races, and gambling. Explain their tax rates, deductions disallowed, and TDS implications under Section 194B.	**10+5 Marks**	**L2**	**CO2**

21.	**a.**	Mr. Ramesh is employed with an Indian company but is deputed to work in Dubai for 7 months during the Financial Year 2024–25. He continues to receive his salary in India, which is directly credited to his Indian bank account. His employment contract states that the services rendered abroad are part of his Indian employment. During the same period, he receives: 1. Basic Salary (credited in India): ₹12,00,000 2. Foreign Allowance paid outside India by the Dubai office: ₹4,00,000 3. Reimbursement of accommodation provided in Dubai: Actual expenditure ₹3,00,000 4. Bonus declared in India for work done abroad: ₹2,00,000 Ramesh claims that since services were rendered outside India, the portion of salary attributable to work done in Dubai should not be taxable in India. Answer the following: (a) Discuss the taxability of salary income in India when services are rendered outside India but salary is received in India. Refer to the relevant sections and principles. (b) Analyse whether "place of receipt" or "place of rendering of services" is more important in determining taxability of salary for a resident individual. (c) Examine the taxability of foreign allowance and perquisites (accommodation benefits) in the hands of a resident employee under the Income Tax Act. (d) Evaluate whether Ramesh can take the benefit of any Double Taxation Avoidance Agreement (DTAA) even if salary is credited in India.	**5+5+5 +5 Marks**	**L5**	**CO5**
		Or			
22.	**a.**	Critically analyze the consequences of incorrect or fraudulent GST returns. Explain legal provisions for misreporting, suppression of taxable supplies, wrongful ITC claims, and penalties under the CGST Act, 2017.	**10+10 Marks**	**L5**	**CO5**