Roll No											

PRESIDENCY UNIVERSITY

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Presidency University Act, 2013 of the Karnataka Act No. 41 of 2013 | Established under Section 2(f) of UGC Act, 1956
Approved by AICTE, New Delhi | Approved By BCI
Bengaluru

Even Semester End Term Examination, May / June 2026		
Date: 21/05/2026		**Time: 01.00 PM - 04.00 PM**
Course Code: LAW3010	**Course Name: Law of Taxation**	
Semester: Eight Semester	**Max. Marks: 100**	**Weightage: 50%**

CO - Levels	CO1	CO2	CO3	CO4	CO5
Marks	**60**	**100**	**50**	**90**	**60**

PART A: Answer Following Questions. 20 M

Qn.No	Questions	M	CO	BT
1	Define how is income from a partly let-out and partly self-occupied property computed?	2	CO1	BT1
2	Differentiate between direct tax and indirect tax with one example each.	2	CO1	BT1
3	Define the concept of short-term and long-term capital assets?	2	CO1	BT1
4	Explain the meaning and purpose of depreciation under Section 32 and state the conditions required for claiming it.	2	CO1	BT1
5	What is the deduction available under Section 24(b) for interest on borrowed capital in respect of a self-occupied property?	2	CO1	BT1
6	Discuss the conditions when gifts received by an individual become taxable u/s 56(2)(x).	2	CO1	BT1
7	What is the purpose of Double Taxation Avoidance Agreement (DTAA)? Distinguish unilateral vs. bilateral relief u/s 90/91.	2	CO1	BT1
8	Explain the dual GST model (CGST+SGST vs. IGST) and its constitutional basis under Article 246A.	2	CO1	BT1
9	What is "Input Tax Credit" (ITC) under Section 16? State two key conditions for availing ITC.	2	CO1	BT1
10	Define the term ‘person’ under the Income Tax Act, 1961.	2	CO1	BT1

PART B: Answer Any 1 Following Questions. 10 M

Qn.No	Questions	M	CO	BT

PTO (Please Turn Over)

11	Explain the computation of House Rent Allowance (HRA) exemption under Section 10(13A). Discuss the three conditions for claiming HRA exemption, the formula for calculating exempt portion, and relevant illustrations with actual rent paid, city of residence, and basic salary.	10	CO2	BT2
12	Elaborate on the tax treatment of conveyance, transport, and travel allowances. Explain which allowances are fully exempt, partly exempt, or fully taxable, with reference to commuting to work, travel for official duties, and reimbursements under Rule 2BB.	10	CO2	BT2

PARTC: Answer Any 1 Following Questions. 10 M				
Qn.No	**Questions**	**M**	**CO**	**BT**
13	"GST has reduced cascading but increased compliance burden." Critically examine.	10	CO5	BT5
14	ABC Ltd. fails to file GST returns for 6 months but continues to collect GST from customers. Discuss: 1. Legal consequences 2. Penalties and prosecution provisions	10	CO5	BT5

PART D: Answer Any 1 Following Questions. 10 M				
Qn.No	**Questions**	**M**	**CO**	**BT**
15	Explain the concept of standard deduction under the head "Income from House Property" as provided under Section 24 of the Income-tax Act, 1961.	10	CO2	BT2
16	Analyse the treatment of various allowances (e.g., HRA, conveyance allowance, special allowance) and their partial or full exemptions under the Income Tax Act. How do conditions and limits affect tax liability?	10	CO2	BT2

PART E: Answer Any 1 Following Questions. 15 M				
Qn.No	**Questions**	**M**	**CO**	**BT**
17	• Mr. Arjun is an Indian citizen who works in both India and the UK during the financial year 2024–25. • He stays in India for 150 days and in the UK for 200 days • He has a permanent home in both countries • His family resides in India • His main business and economic interests are in the UK •	15	CO4	BT4

	• Both India and the UK treat him as a resident under their domestic laws. • Hence, 1. Determine Mr. Arjun's residential status under the DTAA 2. Apply the tie-breaker rules to identify the country of residence 3. Explain the tax implications of such determination			
18	• Mr. Arvind, an Indian citizen, is a senior executive employed by a multinational company with operations in India and France. During the financial year 2024–25, he spends 140 days in India and 225 days in France. He owns residential properties in both countries. His spouse and children reside permanently in India, while he maintains a rented apartment in France for professional purposes. His primary source of income is his employment in France, where he also holds a bank account and makes most of his investments. • Under the domestic tax laws of both India and France, Mr. Arvind qualifies as a resident. • • Analyze the above situation with reference to the provisions of DTAA. Discuss in detail the tie-breaker rules used to resolve dual residency, including: • • Permanent home • Centre of vital interests • Habitual abode • Nationality • • Determine Mr. Arvind's residential status under DTAA and explain the tax implications of such determination on his global income.	15	CO4	BT4

PART F: Answer Any 1 Following Questions. 15 M				
Qn.No	**Questions**	**M**	**CO**	**BT**
19	• Mr. Rahul, a salaried employee in Delhi (metro city), receives the following annual salary components for FY 2025-26: • • Basic Pay ₹6,00,000, • HRA ₹3,00,000, • Leave Travel Allowance (LTA) ₹60,000, • Travel/Conveyance Allowance ₹25,000, and • Special Allowance ₹1,15,000.	15	CO4	BT4

	• • He pays ₹28,000 monthly rent (₹3,36,000 annually) and claims one LTA trip (family of 3) with actual airfare ₹45,000 (economy Air India shortest route: ₹40,000). Conveyance spending: ₹20,000 with bills. Compute his taxable salary under the old tax regime, LTA/conveyance exemptions, and tax liability at 20% marginal rate, assuming standard deduction ₹75,000.			
20	Mr. Rohan owns two houses in Bengaluru. House A is self-occupied, and House B is let out at a rent of ₹30,000 per month. · The municipal value of House B is ₹3,20,000 and the fair rent is ₹3,50,000 per annum. · Municipal tax paid for House B is ₹20,000. · He took a loan of ₹25,00,000 for construction of House A in April 2021, and paid interest of ₹2,40,000 during FY 2024–25. · For House B, loan interest paid during the year was ₹1,80,000. Compute the income from house property for the assessment year 2025–26.	15	CO4	BT4

PART G: Answer Any 1 Following Questions. 20 M				
Qn.No	**Questions**	**M**	**CO**	**BT**
21	Mr. Ramesh is employed with ABC Ltd. in Mumbai. His salary details for the financial year 2024–25 are as follows: Basic Salary: ₹60,000 per month Dearness Allowance (forming part of salary): ₹6,000 per month House Rent Allowance (HRA): ₹20,000 per month He pays actual rent of ₹22,000 per month for an accommodation in Mumbai. Profession tax paid by him: ₹2,500 Compute his taxable income under the head “Income from Salary” for A.Y. 2025–26, showing the working of HRA exemption under Section 10(13A) as per Rule 2A.	20	CO2	BT2
22	Compute depreciation allowable under the Income-tax Act	20	CO2	BT2

for Mr. Sachin, a trader, in respect of Plant & Machinery (rate: 15%) for the relevant previous year.

- Particulars:

- Opening WDV: ₹1,50,000

- Purchased one asset on 01.06.2021: ₹12,000

- Purchased one asset on 01.12.2021 (used for less than 180 days): ₹20,000

- Sold one asset (original cost ₹50,000) on 01.05.2021 for: ₹1,000

- Sold one asset (original cost ₹10,000) on 31.03.2022 for: ₹12,000

  Compute the depreciation allowable and the closing WDV of the block of assets as per the provisions of the Income-tax Ac.

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