Roll No: | | | | | | | | | | | |

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PRESIDENCY UNIVERSITY

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

Mid Term Examinations - October 2026

Date: 07/10/2026 **Time:** 09:30 AM - 11:00 AM

Course Code: CBS2039 **Course Name:** Income Tax Law and Practice

Semester: Third Semester **Max. Marks:** 50 **Weightage:** 50%

CO - Levels	CO1	CO2
Marks	40	50

PART A: Answer Following Questions. 10 M

Q.N.	Questions	M	CO	BT
1	Explain the meaning of **Direct Tax and Indirect Tax** with one suitable example of each.	2	CO1	BT1
2	Explain any **four Canons of Taxation** with suitable examples.	2	CO1	BT1
3	Who is an **Assessee** under the Income Tax Act? Mention the different types of assessees.	2	CO1	BT1
4	Identify the status of the following: i. Tata Consultancy Services Ltd. ii. State Bank of India	2	CO1	BT1
5	Identify which of the following constitutes **Agricultural Income**: i. Rent received from agricultural land ii. Rent received from a building used as a guest house near an agricultural farm	2	CO1	BT1

PART B : Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT
6	Mr. Raj leaves India for the first time on 15th July 2022 and returns to India on 20th August 2025. He again leaves India on 10th September 2025 and returns on 15th February 2026. Determine his Residential Status for the Previous Year 2025-26, assuming all other conditions are satisfied.	10	CO1	BT2
7	What is meant by Gross Total Income? Explain the difference between Gross Total Income and Total Income and state the major heads of income considered while computing Gross Total Income	10	CO1	BT2

PART C: Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT

PTO (Please Turn Over)

8	From the following particulars of income of **Mr. David** during the Previous Year 2025-26, compute his **Taxable Income** for the Assessment Year 2026-27 if he is: a) Resident and Ordinarily Resident b) Resident but Not Ordinarily Resident c) Non-Resident i. Agricultural income earned in Canada and invested in a bank account in Singapore – ₹15,000. ii. Interest on Fixed Deposit with State Bank of India – ₹25,000. iii. Dividend received in the UK from a US company – ₹40,000, out of which ₹10,000 is remitted to India. iv. Salary received in Australia for services rendered in an Indian Embassy – ₹1,20,000. v. Income from house property situated in the USA – ₹50,000. vi. Profits from a business situated in Dubai and controlled from India – ₹80,000, of which half is received in India. vii. Foreign income earned in an earlier year and brought into India during the Previous Year 2025-26 – ₹30,000.	10	CO1	BT2
9	"All allowances and perquisites received by an employee are not necessarily taxable." Explain the statement with reference to different types of allowances and perquisites, giving suitable examples.	10	CO2	BT2

PART D: Answer Any 1 Following Questions. 10 M				
Q.N.	**Questions**	**M**	**CO**	**BT**
10	. What is House Rent Allowance (HRA)? Mr. Rohit is employed in Mumbai and receives the following: • Basic Salary: ₹75,000 per month • Dearness Allowance forming part of salary: ₹15,000 per month • Commission on sales: ₹1,50,000 per annum • HRA: ₹35,000 per month • Rent paid: ₹40,000 per month Calculate the amount of HRA exemption.	10	CO2	BT3
11	What is meant by **Rent-Free Accommodation (RFA)**? Calculate the taxable value of rent-free unfurnished accommodation provided to Mr. Karan during P.Y. 2025-26: • Basic Salary: ₹50,000 per month • Dearness Allowance: ₹10,000 per month • City: Delhi • Cost of furniture provided: ₹1,50,000	10	CO2	BT3

PART E: Answer Any 1 Following Questions. 10 M				
Q.N.	**Questions**	**M**	**CO**	**BT**
12	Ms. Neha is employed in Mumbai. The following particulars are available for the Previous Year 2025-26: • Basic Salary: ₹55,000 per month • Dearness Allowance forming part of retirement benefits: ₹12,000 per month • HRA: ₹18,000 per month • Rent paid: ₹20,000 per month • Entertainment Allowance: ₹4,000 per month • Children Education Allowance: ₹900 per month per child for 2 children • Children Hostel Allowance: ₹2,000 per month per child for 2 children • Family Allowance: ₹2,500 per month • City Compensatory Allowance: ₹3,500 per month Compute the taxable income from salary for P.Y. 2025-26.	10	CO2	BT3

13	Mr. Arjun, a private-sector employee working in Mumbai, is provided with rent-free unfurnished accommodation by his employer. The following details are available for P.Y. 2025-26: • Basic Salary: ₹65,000 per month • Dearness Allowance forming part of retirement benefits: ₹14,000 per month • Entertainment Allowance: ₹5,000 per month • Children Education Allowance: ₹1,000 per month per child for 2 children • Children Hostel Allowance: ₹2,500 per month per child for 2 children • Family Allowance: ₹3,500 per month • City Compensatory Allowance: ₹4,500 per month Additional Information: • Population of Mumbai exceeds 25 lakhs. • No rent is paid by the employee. • No furniture is provided. Compute the taxable income from salary for P.Y. 2025-26.	10	CO2	BT3