

FIFTH SEMESTER B.B.A. DEGREE EXAMINATION, NOVEMBER 2025

(CBCSS - UG)

(Regular/Supplementary/Improvement)

CC19UBBA5B10 - INCOME TAX

(BBA - Core Course)

(2019 Admission onwards)

Time : 2.5 Hours

Maximum : 80 Marks

Credit : 4

Part A (Short answer questions)Answer *all* questions. Each question carries 2 marks.

1. What is the Income Tax?
2. What is the previous year of a newly started business ?
3. Explain the term total income.
4. Define person.
5. Explain the rules used in entertainment allowances.
6. How is value of motor car is calculated under the head salaries, if the car is owned by the employer and it is used fully for private purpose?
7. What is gratuity?
8. What is gross annual value?
9. What is meant by block of assets?
10. Explain the income tax provisions relating to deduction towards entertainment expenditure in the hands of business concern.
11. What are the different kinds of capital assets?
12. How is cost of acquisition of goodwill and trade mark determined for capital gains?
13. Define capital asset.
14. What you mean by deemed income ?
15. Briefly explain 80JJA.

(Ceiling: 25 Marks)

Part B (Paragraph questions)

Answer **all** questions. Each question carries 5 marks.

16. Enumerate any ten items of income which is fully exempted.
17. Mr. X is the owner of three houses, which are all let out and are not governed by the Rent Control Act. From the following particulars find out the gross annual value in each case :

Particulars	I	II	III
Municipal Value	30,000	20,000	35,000
Fair Rent	36,000	24,000	32,000
Actual (De facto) Rent	32,000	28,000	30,000

18. Compute Gross annual value for the assessment year 2025-26.
Fair rental value ₹ 1,32,000 p.a, Actual rent ₹ 14,000 p.m, Municipal rental value ₹ 1,20,000 p.a; standard rent ₹ 1,38,000.
- (a) The assessee is not able to collect rent for two months and the house is also remained closed for two months.
- (b) What will be the Annual value if the actual rent received is ₹ 12,000 p.m.
19. From the following information compute the amount of depreciation deductible in computing profits and gains of business for the Assessment Year 2025-26.
Purchased goodwill of business for ₹ 2,50,000 in April, 2024.
Purchased patent for ₹ 4,00,000 in May, 2024.
Purchased trademark for 3,00,000 in Nov., 2024.
Rate of Depreciation 25%
20. Under what circumstances "cost to the previous owner" is considered.
21. What are different kinds of securities?
22. Income of Mr. D and Mrs. D for the previous year 2024-25 as follows :

	Mr. D	Mrs. D
	₹	₹
Salary	2,25,000	NIL
Short-term capital gain	90,000	NIL
Income from other Source:		
Bank interest	12,000	6,250
Interest on Govt.securities	3,600	2,750

Mr. D having no qualifications or experience is employed in Himalaya Ltd. Mrs. D holds 22% of Equity capital in Himalaya Ltd. from September 12, 2024. Find out the gross total income of Mr. D and Mrs. D.

23. From the following information of Mr. Salman, a businessman, compute his gross total income for the Assessment Year 2025-26:

Business losses ₹ 50,000; Income from house property (computed) ₹ 1,45,000; Current year's depreciation ₹ 42,000; Past business losses ₹ 20,000; Past unabsorbed depreciation ₹ 20,000 Losses under the head capital gains ₹ 15,000; Income from other sources ₹ 72,000; Share in loss of another firm ₹ 52,000.

(Ceiling: 35 Marks)

Part C (Essay questions)

Answer any *two* questions. Each question carries 10 marks.

24. Mr. Rang Rajan was appointed in a company of Chennai on a basic pay of ₹ 23,300 pm. He receives 50% dearness allowance. Besides this, he is getting ₹ 15,000 per month entertainment allowance. In terms of service, he is required to entertain the clients of the company. He receives also house rent allowance ₹ 3,200 per month from the Company. He has taken a flat at the rent ₹ 8,000 per month. The company provided him a sweeper, cook and gardener and paid them ₹ 200 per month each.

He has been provided two motor-cars, one of these is large and another small. The cars are used in personal use also. The company bears the expenses for only official use. The cost of a large car is ₹ 6,00,000 and of small ₹ 3,00,000. The expenses relating to cars are ₹ 80,000 and ₹ 60,000 respectively.

The employer and employee each contributed 8.33% of salary and dearness allowance to Recognised Provident Fund.

Compute Income from salaries for the Assessment Year 2025-26. The company has entered into an agreement with him to pay tax free salary. So the company has paid ₹ 50,000 Income tax payable by him.

25. Menon and Narayanan, Chartered Accountant give the following income and expenditure account for the previous year. Compute their income from business.

Drawing	9,000/-	Audit fees	Rs. 36,000/-
Office rent	3,000/-	Financial consultancy service	27,000/-
Telephone Installation	12,000/-	Dividends	3,000/-
Electricity bill	1,800/-	Dividends from UTI	1,500/-
Salary of staff	9,000/-	Accountancy works	6,000/-
Charities	300/-		
Gifts to relatives	8,400/-		
Scooter expenses	1,500/-		
Subscription for Journals	750/-		
Institute fee	300/-		
Stipends to trainees	1800/-		
Net Income	25,650/-		
	<u>73,500/-</u>		<u>73,500/-</u>

Allowable depreciation during the year amount to ₹ 750/- only.

26. Mr. Hanuman submits the following particulars about the sale of assets during the year 2024-25 :

	Jewellery	Plot	Gold
Sale price	7,00,000	18,24,000	5,00,000
Date of sale	1-05-2024	1-06-2024	1-07-2024
Expenses on sale	Nil	24,000	Nil
Cost of acquisition	1,29,000	2,26,000	1,48,000
Year of acquisition	2007-08	2004-05	2009-10

He has purchased a house for ₹ 15 lakh on 1-3-2025. Calculate the amount of taxable capital gains if CII for 2004-05, 2007-08, 2009-10 and 2024-25 are 113, 129, 148 and 363 respectively.

27. Mr. Kishore furnishes the following particulars of his income for the financial year 2024-25.

1. Net salary ₹ 85,000 after deducting contribution to RPF ₹ 5,000
2. Interest on PF account balance at 9.5% per annum ₹ 6,000
3. Travelling allowance for tour ₹ 2,400
4. CCA ₹ 8,000
5. Bonus ₹ 7,500
6. Entertainment allowance ₹ 5,000

Unfurnished house at Dharwar for which the employer pays ₹ 1500 per month as rent. But deduct only ₹ 300 p.m. from his salary.

Free gas and electricity provided by the employer at a cost of ₹ 500 p.m.

The employer has given a small car but expenses are met by Kishore.

Compute his taxable salary for the assessment year 2025-26.

(2 × 10 = 20 Marks)
