

Enrollment No./Seat No.:

GUJARAT TECHNOLOGICAL UNIVERSITY
Bachelor of Vocation - SEMESTER - II EXAMINATION - SUMMER 2025

Subject Code: BV02008021

Date: 28-05-2025

Subject Name: Income Tax

Time:10:30 AM TO 12:30 PM

Total Marks: 50

Instructions

- 1. Attempt all questions.**
- 2. Make Suitable assumptions wherever necessary.**
- 3. Figures to the right indicate full marks.**
- 4. Use of simple calculators and non-programmable scientific calculators are permitted.**

	Marks
Q.1 (a) What is Agricultural Income as defined in Sec. 2(1A) of Income Tax Act, 1961? Give two examples each of Agricultural and Non Agricultural Income.	05
(b) Which exemptions are not allowed while computing taxable income under Default tax regime under section 115BAC of the Income-tax Act, 1961	05
Q.2 (a) Explain Provisions related to deduction of Repairs and insurance of machinery, plant and furniture as per Section 31 of Income Tax Act, 1961	05
(b) List out any 5 deductions allowed under section 36 of Income Tax Act, 1961	05
OR	
(b) List out any 5 items of income chargeable to tax as income under the head 'profits and gains of business or profession' as per section 28 of the Income Tax Act, 1961.	05
Q.3 (a) A car purchased by Dr. Chokshi on 10.08.2021 for Rs. 5,25,000 for personal use is brought into professional use on 1.07.2024 by him, when its market value was Rs. 2,50,000. Compute the actual cost of the car and the amount of depreciation for the A.Y. 2025-26 assuming the rate of depreciation to be 15%.	05
(b) Analyse provisions under section 41(2) of the Income Tax Act, 1961 related to Balancing Charge.	05
OR	
(a) Analyse Provisions of Actual Cost under section 43(1) of Income Tax Act, 1961.	05
(b) Mr. Umesh, a proprietor started a business of manufacture of tyres and tubes for motor vehicles on 1.1.2024. The manufacturing unit was set up on 1.5.2024. He commenced his manufacturing operations on 1.6.2024. The total cost of the plant and machinery installed in the unit is Rs. 120 crore. The said plant and machinery included second hand plant and machinery bought for Rs. 20 crore and new plant and machinery for scientific research relating to the business of the assessee acquired at a cost of Rs. 15 crore. Compute the amount of depreciation allowable under section 32 of the Income-tax Act, 1961 in respect of the assessment year 2025-26. Assume that all the assets were purchased by way of account payee cheque and Mr. Umesh has exercised the option of shifting out of the default tax regime provided under section 115BAC(1A)	05

- Q.4 (a)** Analyse the Provisions related to residuary expenses under section 37 of Income Tax Act, 1961 **05**
- (b)** During the financial year 2024-25, the following payments/expenditure were made/ incurred by Mr. Lal, a resident individual (whose turnover during the year ended 31.3.2024 was Rs. 99 lakhs): **05**

1. Interest of Rs. 45,000 was paid to Raj & Co., a resident partnership firm, without deduction of tax at source;
2. Rs. 10,00,000 was paid as salary to a resident individual without deduction of tax at source;
3. Commission of Rs. 16,000 was paid to Mr. Vikram, a resident, on 2.7.2024 without deduction of tax at source.

Briefly discuss whether any disallowance arises under the provisions of section 40(a) (ia) assuming that the payees in all the cases mentioned above, have not paid the tax, if any, which was required to be deducted by Mr. Lal?

OR

- (a)** Analyse the Provisions related to disallowances in case of any firm assessable as such or a limited liability partnership (LLP), under section 40(b) of the Income Tax Act, 1961. **05**
- (b)** its partners for the P.Y.2024-25, in accordance with its partnership deed, and it has a book profit of Rs. 10 lakhs. **05**
What is the remuneration allowable as deduction
- Q.5 (a)** X Ltd. contributes 20% of basic salary to the account of each employee under a pension scheme referred to in section 80CCD. Dearness Allowance is 40% of basic salary and it forms part of pay of the employees. **05**
Compute the amount of deduction allowable under section 36(1)(iva), if the basic salary of the employees aggregate to Rs. 10 lakh. Would disallowance under section 40A(9) be attracted, and if so, to what extent?
- (b)** Explain any 5 cases where provisions of section 43B of the Income Tax Act, 1961 regarding deductions to be made only on actual payment bases applies. **05**

OR

- (a)** Sanjay Dutt is a person carrying on profession as film artist. **05**
His gross receipts from profession are as under: Particulars Rs.
- | | |
|------------------------|----------|
| Financial year 2021-22 | 1,15,000 |
| Financial year 2022-23 | 1,80,000 |
| Financial year 2023-24 | 2,10,000 |
- What is his obligation regarding maintenance of books of accounts for Assessment Year 2025-26 under section 44AA of Income-tax Act, 1961?

(b) Mr. VB engaged in retail trade, reports a turnover of Rs. 2,98,50,000 for the financial year 2024-25. Amount received in cash during the P.Y. 2024-25 is Rs. 14,00,000 and balance through prescribed electronic modes on or before 31st July 2025.

His income from the said business as per books of account is Rs. 15,00,000 computed as per the provisions of Chapter IV-D “Profits and gains from business or Profession” of the Income-tax Act, 1961.

Retail trade is the only source of income for Mr. VB. A.Y. 2024-25 was the first year for which he declared his business income in accordance with the provisions of presumptive taxation u/s 44AD. (i) Is Mr. VB also eligible for presumptive determination of his income chargeable to tax for the assessment year 2025-26?

(ii) If so, determine his income from retail trade as per the applicable presumptive provision.

(iii) In case Mr. VB wants to declare profits as per books of account from retail trade, what are his obligations under the Income-tax Act, 1961?

(iv) What is the due date for filing his return of income under both the options?
