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DCBB602

VI Semester B.B.A. Degree Examination, June/July - 2026
(NEP 2020 Scheme Freshers and Repeaters)
BUSINESS ADMINISTRATION
Income Tax - II
Paper : 6.2

NEW HORIZON COLLEGE LIBRARY KASTURINAGAR BANGALORE-43

Time : 2½ Hours **Maximum Marks : 60**

Instructions :

Answers should be written completely in English only.

SECTION - A

Answer any Five of the following sub-questions. Each sub-question carries Two marks. **(5×2=10)**

1. a) What do you mean by block of assets?
   b) Mention any two admissible expenses while calculating business income.
   c) What is long - term capital gain?
   d) What are bond washing transactions?
   e) List any two incomes chargeable under income from other sources.
   f) State the provisions of Section 80D.
   g) What is carry forward of losses?

SECTION - B

Answer any Three of the following questions. Each question carries Four marks. **(3×4=12)**

2. State with reason the admissibility of the following expenses while computing income from business :
   a) Cost of installing new machinery in the factory.
   b) Interest paid to the government for the late payment of GST
   c) Commission paid to underwriters for the issue of new equity shares.
   d) Rent paid for a guest house used for providing accommodation to visiting business associates.

3. Praveen provides the following information regarding the sale of a residential site ir Assessment Year 2025-26.

   i) He sold the site on February 10, 2025, for Rs.1,40,00,000. The site was purchased in August 1995 for Rs.4,20,000. The fair Market Value as o April1, 2001, was Rs.7,50,000.

   ii) In May 2003, he constructed a boundary wall at a cost of Rs.1,09,000. In October 2011, he built a small outhouse for Rs.3,68,000.

   iii) Transfer expenses incurred were Rs.1,70,000.

   iv) Cost Inflation Index: 2001-02 = 100; 2003-04 = 109; 2011-12 = 184 2024-25 = 363.

   Compute his Taxable Long-Term Capital Gains (LTCG)

4. Bharath furnishes the following information for the previous year 2024-25. Compute his Taxable Income from Other Sources for the Assessment Year 2025-26.

   i) Received a cash gift of Rs.1,00,000 from a friend residing in London via ban transfer.

   ii) During the year, the Assessing Officer discovered an unexplained investment o Rs. 2,00,000 in his name for which no satisfactory source was provided.

   iii) Received Rs.40,000 from agricultural land situated in Sri Lanka.

   iv) Winnings from a crossword puzzle (Net): Rs.14,000.

5. Hemanth is a salaried individual with no business income. For the Financial Yea 2024-25, he made the following contributions. Compute his eligible deduction unde Section 80GGA:

   i) Donation to an approved University for scientific research Rs.50,000 (Paid vi Cheque)

   ii) Contribution to an association for rural development programs Rs.15,000 (Pa via UPI)

   iii) Donation to a National Fund for Afforestation Rs.10,000 (Paid in Cash)

   iv) Donation to a local NGO for general education of children Rs.20,000 (Paid v Net Banking)

6. State the Tax provisions for set off and carry forward of loss from house property.

SECTION - C

Answer any Three of the following questions. Each question carries Ten marks. (3×10=30)

7. Kishore has given you the following Trading and Profit and Loss account for the year ended 31st March 2025.

Particulars	Rs.	Particulars	Rs.
To Opening stock	90,000	By Sales	7,40,000
To Purchases	3,50,000	By Closing stock	60,000
To Wages	18,000		
To Freight and Carriage	12,000		
To Gross Profit c/d	3,30,000		
	8,00,000		**8,00,000**
To Establishment Expenses	86,000	By Gross Profit b/d	3,30,000
To Income Tax	6,800	By Rent from House property	48,000
To Reserve for Bad Debts	5,600	By Refund of penalty on	
To Advertisement	4,000	Customs Duty	6,000
To Donation	10,000	By Interest on Govt. Securities	4,000
To GST	13,600	By Bad Debts recovered	
To Provision for Income tax	5,500	(disallowed earlier)	3,000
To Carriage Outwards	10,500	By Profit on Sale of Machinery	2,000
To General Expenses	7,000	By Misc.Income	1,000
To Motor Car Expenses	8,000		
To Interest on Capital	14,000		
To Repairs	1,500		
To Taxes and Insurance	6,500		
To Depreciation	15,000		
To Net Profit	2,00,000		
	3,94,000		**3,94,000**

Additional Information:

a) General Expenses include Rs.2,000 paid to a dometic servant.

b) Half of Motor Car expenses relate to personal use

c) Repairs are in connection with house property.

d) Opening and closing stock are valued at 10% below cost

Compute business income of Mr.Kishore Sharma for the assessment year 2025-26

8. Mayank is a leading advocate who maintains books of accounts on cash basis. He furnished the following receipts and payments account for the year ended 31st March 2025.

Receipts and Payments Account

Receipts	Rs.	Payments	Rs.
To Balance b/d	25,600	By Staff Salary	28,600
To Consultation fees	1,75,400	By Office rent	12,000
To Special Commission fees	60,000	By Furniture purchased	45,000
To Presents from Clients	25,000	By Car expenses	18,000
To Loan from bank	1,30,000	By Computer purchased	60,000
To Remuneration from articles		By Repayment of loan	28,500
published in professional		By Interest on Loan	18,600
Journals	45,000	By Household expenses	25,000
To Share of income from HUF	20,000	By Medical insurance premium	
To Arbitration fee	46,500	paid by crossed cheuqe	15,000
To Income from betting	60,000	By Purchase of Car	2,00,000
		By Balance c/d	1,36,800
	5,87,500		**5,87,500**

Additional Information:

a) Loan is borrowed for professinal purposes

b) Depreciation allowable as per Income Tax rules as follows:

- Furniture at 10% p.a
- Car at 15% p.a
- Computer at 40% p.a

c) Out of the car expenses 4,500 relates to use of car for personal purpose

Compute income from profession for the AY 2025-26.

9. Muhafiz was the owner of two residential house properties in Bangalore. During the previous year 2024-25, he sold one of these houses and a plot of land to reinvest in new assets. From the particulars provided below, Compute the Taxable Capital Gain for the Assessment Year 2025-26.

Particulars of Assets	**Residential House**	**Vacant Plot**
Date of Purchase	01-01-1979	12-06-2005
Cost of Acquisition	Rs.15,000	Rs.4,00,000
FMV as on 01-04-2001	Rs.1,50,000	--
Cost of Addition (March 1980)	Rs.3,000	--
Cost of Addition (Nov 2015)	Rs.1,00,000	--
Date of Sale	28-02-2025	15-11-2024
Sale Consideration	Rs.45,00,000	Rs.15,00,000
Transfer Expenses (Brokerage)	1% of Sale price	Rs.10,000

He purchased a new residential house in Mysore on 25-03-2025 for Rs.5,00,000, deposited Rs.2,50,000 in Capital Gain Accounts Scheme (CGAS) on 10-07-2025 and invested Rs.1,00,000 in REC Bonds u/s 54EC on 20-04-2025. The Cost Inflation Indices are: 2001-02: 100; 2005-06: 117; 2015-16: 254; 2024-25: 363