NP – 964

VI Semester B.B.A. Examination, June/July 2026
(NEP)
BUSINESS ADMINISTRATION
Paper – 6.2 : Income Tax – II

Time : 2½ Hours

Max. Marks : 60

Instruction : *Answers should be written in* ***English*** *only.*

SECTION – A

1. Answer **any 6** sub-questions. **Each** sub-question carries **2** marks. **(6×2=12)**
   a) Define Business.
   b) What is Vocation ?
   c) Mention any four admissible expenses while calculating income from business.
   d) Give the meaning of assessment.
   e) What do you mean by long term capital gain ?
   f) Give the meaning of set-off.
   g) What is casual income ? Give an example.
   h) If net winnings from horse race is Rs. 1,40,000. Find the gross amount.

SECTION – B

Answer **any three** of the following questions, each carry **4** marks. **(3×4=12)**

2. Mr. Raju bought a residential house property in January 2015 for Rs. 1,17,000. He renovated the property in 2019-20 at the cost of Rs. 1,60,500 of the property was sold Rs. 19,50,000 in November 2024 (brokerage 2%). He bought another residential house property in February 2025 for Rs. 3,30,000. Compute taxable capital gains for the Assessment Year 2025-26.

   (CII for 2014-15=240, 2019-20=289, 2024-25=363).

3. Dr. Murthy has provided the following information for the year ended 31-03-2025. Compute taxable income from profession for the Assessment year 2025-26.

   Receipts : Visiting fees Rs. 1,25,000, Consultation fees Rs. 1,50,000, Gifts from patients Rs. 50,000, Dividend received Rs. 12,500.

   Payments : Salary to staff Rs. 85,000, clinic rent Rs. 25,000, Car expenses Rs. 3,750 (50% personal), life insurance premium Rs. 2,000.

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4. Mr. Murthy a citizen, furnishes the following particulars for P.Y 2024-25.
Pension received Rs. 3,000 p.m.
Taxable income from business Rs. 64,000
Short term capital gain Rs. 55,000.
He contributed Rs. 7,500 towards Life Insurance Policy and Rs. 1,000 towards NSC.
What is his total income for the A.Y. 2025-26 ?

5. Sri Suryaputhra has the following investments for the year ended 31-3-2025 :
   a) Rs. 10,000 units of UTI (income received Rs. 2,000)
   b) Rs. 40,000 in post office savings bank account which earns the interest @ 5% p.a.
   c) Rs. 36,000 10% tax free debentures of Mysore Municipal corporation
   d) 14% Karnataka State Electricity Board Bonds Rs. 15,000.
   e) Rs. 25,000 fixed deposits with Canara Bank Mysore at 8% p.a.

   Compute the income from other sources of Sri Suryaputhra from the above investment for the assessment year 2025-26.

6. Explain the tax provisions to set-off and carry forward of the following :
   a) Loss from House Property
   b) Short term capital loss.

SECTION – C

Answer **any three** questions. **Each** question carries **12** marks. **(3×12=36)**

7. From the profit and loss account of Mr. Ramesh for the year ended 31-03-2025. Compute the income from business for the Assessment year 2025-26.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To office expenses	20,000	By gross profit	3,20,000
To general expenses	8,000	By interest on government securities	5,600
To interest on bank loan	2,000	By discount received	8,000
To audit fees	2,000	By bad debts recovered (not written of earlier year)	400
To interest on capital	6,000	By sundry receipts	8,000

To rent	10,000	By dividend	8,000
To income tax	8,000		
To charity	4,000		
To legal expenses	2,000		
To compensation to retrenched employees	10,000		
To extension of building	10,000		
To net profit	2,68,000		
	3,50,000		**3,50,000**

Adjustments :

a) Rent includes Rs. 6,000 relates to assessee house in which he lives.

b) Depreciation allowable as per IT Rs. 10,000.

c) Legal expenses include Rs. 1,500 as penalty of income tax.

8. Dr. Rajkumar, a medical practitioner, furnishes his receipts and payments account for the P.Y. 2024-25. Compute his income from profession for the A.Y. 2025-26.

Receipts	Amount (Rs.)	Payments	Amount (Rs.)
To balance b/d	20,000	By purchase of professional books	15,000
To visiting fees	60,000	By membership fees of medical council	3,000
To consultation fees	40,000	By household expenses	9,000
To sales of medicines	67,500	By rent of clinic	12,000
To salary as a part time lecturer	48,000	By income tax	13,000
To gifts from patient	15,000	By purchase of medicine	50,000
To interest on POSB A/c	6,000	By car expenses	20,000
To dividends from domestic Co.	5,000	By electricity and water	6,000
		By salary to staff	18,000
		By surgical equipment's purchased	20,000
		To balance c/d	95,500
	2,61,500		**2,61,500**

Additional Information :

a) 50% of motor car expenses relates to his personal use.

b) Depreciate car and surgical equipment's by 15% and books by 40%.

c) Gifts include Rs. 5,000 received from his patients on his birthday.

9. Mr. Shiva Kumar (resident) gives the following information. Compute his income under the head "Capital gains" for the Assessment Year 2025-26.
   a) Agricultural land in Bangalore city purchased in 2006-07 for Rs. 1,12,500 (CII=122) has been sold for Rs. 5,25,000 on 01-08-2024 (CII=363) by paying Rs. 12,500 brokerages. He purchased another agricultural land in a village for Rs. 1,25,000 on 10-06-2024.
   b) Household furniture and music system purchased on 01-01-2010 for Rs. 11,000 is sold on 05-12-2024 for Rs. 6,000.
   c) Machinery purchased on 1-1-2007 for Rs. 20,000 (CII=129) is sold for Rs. 25,000 on 01-07-2024. The WDV of the machinery on 01-04-2024 was Rs. 12,500.
   d) Debentures (Purchased in December 2021 for Rs. 20,000) are sold for Rs. 32,500 on 01-09-2024.

10. Mr. Pavan a resident of India has furnished the following incomes for the P.Y. 2024-25. Compute his income from other sources for the A.Y. 2025-26.
    a) Family pension from Government of Karnataka yearly Rs. 21,000.
    b) Royalty from Kannada text book written by him (gross) Rs. 10,000 (expenses incurred for this purpose Rs.1,250).
    c) Remuneration from article published in a magazine Rs. 1,000.
    d) Cash worth Rs. 50,000 was found in his private locker. The source of which could not be explained by him.
    e) Interest on fixed deposit in a bank Rs. 7,500 (Gross).
    f) Rent from subletting a house Rs. 750 p.m. (rent paid to the owner Rs. 500 p.m. and a repair expenses Rs. 100).
    g) Winning from lottery net Rs. 35,000 (purchase of lottery Rs. 100).
    h) Winning from horse race Rs. 17,500 (Net).

11. Ms. Dhanya submits the following particulars of incomes and expenses. Compute total income and tax liability.

    Incomes :
    a) Computed salary income Rs. 2,00,000.
    b) Computed income from property let out Rs. 65,000.
    c) Agricultural income from Bangladesh Rs. 1,00,000.
    d) Share of income from HUF Rs. 1,70,000.
    e) Computed income from LTCG Rs. 75,000.

    Expenses :
    a) Life insurance premium paid Rs. 14,000.
    b) Medical insurance premium paid Rs. 9,000.
    c) Loan repayment towards home loan installment Rs. 10,000.
    d) Contribution of Rs. 10,000 to the Swachh Bharat Abhiyan set up by the Central Government.

To rent	10,000	By dividend	8,000
To income tax	8,000		
To charity	4,000		
To legal expenses	2,000		
To compensation to retrenched employees	10,000		
To extension of building	10,000		
To net profit	2,68,000		
	3,50,000		**3,50,000**

Adjustments :

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