

*Answer any FIVE Questions One Question from Each Unit**All Questions Carry Equal Marks***UNIT-I**

1. a Describe the objectives and importance of taxation in economic development. 6M
- b Explain the difference between direct and indirect taxes with examples. 6M

OR

2. a Analyze the significance and provisions of the Income Tax Act, 1961. 6M
- b Evaluate the impact of direct and indirect taxes on individuals and businesses. 6M

UNIT-II

3. a Explain the process of computation of taxable income under the Income Tax Act. 6M
- b Discuss the various rebates and reliefs available to individual taxpayers. 6M

OR

4. a Analyze the role of digital filing and e-assessment systems in simplifying taxation. 6M
- b Evaluate the common challenges faced by taxpayers in income tax compliance. 6M

UNIT-III

5. a Explain the concept and importance of tax planning for business organizations. 6M
- b What are the provisions for set-off and carry-forward of losses for firms and HUFs? 6M

OR

6. a Examine the concept of book profit and its role in determining partner remuneration. 6M
- b Evaluate the ethical and legal implications of aggressive tax planning in India. 6M

UNIT-IV

7. a What is the process of computation of taxable income for companies? 6M
- b Discuss the treatment of amalgamation and demerger under corporate taxation. 6M

OR

8. a Describe the tax implications of venture capital funds and investments. 6M
- b Evaluate the role of the Income Tax Department in regulating corporate tax compliance. 6M

UNIT-V

9. a Explain the objectives and importance of tax audit under the Income Tax Act. 6M
- b Describe the qualifications, duties, and responsibilities of a tax auditor. 6M

OR

10. a Analyze the significance of audit documentation and working papers in a tax audit. 6M
- b Explain the difference between statutory audit and tax audit with examples. 6M

CASE STUDY

- 11 : **Computation of Taxable Income – The Case of Mr. Rohan Mehta** 15M

Mr. Rohan Mehta, a 35-year-old marketing professional, is employed at a multinational company in Bengaluru. During the financial year 2024–25, his annual salary amounted to ₹18,00,000. In addition, he earned ₹1,20,000 as rental income from his apartment in Pune and ₹50,000 as interest income from fixed deposits. Rohan is also eligible for various deductions under the Income Tax Act, 1961, which he intends to claim to reduce his tax liability.

Rohan's employer deducted ₹2,00,000 as provident fund contributions during the year. He also invested ₹1,50,000 in Public Provident Fund (PPF) and paid ₹25,000 as life

insurance premium for himself and his spouse. Under Section 80C, he could claim a maximum deduction of ₹1,50,000 from his gross total income. In addition, Rohan paid ₹30,000 as medical insurance premium for his parents, which is eligible for deduction under Section 80D.

While computing his income, Rohan considered the standard deduction of ₹50,000 from salary income and claimed a 30% deduction on his rental income for maintenance under Section 24(a). After accounting for these deductions, his taxable income was computed. He used the new income tax portal to file his Income Tax Return (ITR-2) electronically before the due date of July 31, 2025. The online system automatically validated his deductions and generated his total tax payable under the old tax regime.

After submitting the return, Rohan received an email from the Income Tax Department indicating successful processing under Section 143(1). His tax refund of ₹12,000 was credited directly to his bank account within 15 days. This efficient tax compliance not only saved him money but also helped him maintain a clean financial record for future investments and credit approvals.

Questions on the Case Study

1. Identify and explain the various deductions claimed by Mr. Rohan Mehta under the Income Tax Act, 1961.
2. How does the standard deduction benefit salaried employees while computing taxable income?
3. What are the advantages of filing income tax returns electronically through the new tax portal?
4. Discuss how Section 143(1) ensures transparency and efficiency in tax assessments.