# TUTOR MARKED ASSIGNMENT

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| **COURSE CODE** | **:** | **BCOC-136** |
| **COURSE TITLE** | **:** | **INCOME TAX LAW AND PRACTICE** |
| **ASSIGNMENT CODE** | **:** | **BCOC-136/TMA/2026-27** |
| **COVERAGE** | **:** | **ALL BLOCKS** |

**Maximum Marks: 100**

**Note: Attempt all the questions.**

**1.** a) What do you understand by casual income? How are they treated under the Income Tax Act? **(10+10)**

b) Explain the scope of total income for the i) Resident ii) Not Ordinarily Resident iii) Non-Resident category of assessee.

**2.** a) Define annual value of house property. How would you determine the annual value of house property, which is self-occupied for a part of the year only and let out for the remaining part? **(10+10)**

b) What steps are involved in calculation of total taxable income of an individual?

**3.** **Write short note on following:** **(5x4)**

**a)** Income deemed to be received in India

**b)** Deduction u/s 80C.

**c)** Exemption of tax on capital gain under Section 54 F

**d)** Provisions relating to the Clubbing of Income of Minor Child

**4.** Mr Vishesh, who is not covered by the Payment of Gratuity Act, 1972, receives a gratuity of Rs 5, 76,000, when he retires on 23rd June, 2024 after a service of 34 years 9 months and 23 days. His last drawn emoluments are as follows: **(10)**

Basic salary Rs 30,000, Dearness allowance Rs 7,200 p.m. (Fixed)

Annual increment in basic salary Rs 1,200 p.m. falls due on 1st January every year. What amount of gratuity is exempt from tax in the assessment year 2025-26?

**5.** The following particulars of income are submitted by Smt. Suman Garg for the A.Y. 2025-26. She lives at Delhi. **(10)**

i. Basic pay 10,000 p.m.

ii. Dearness Allowance @ 10% of salary (DA is part of the salary)

iii. HRA 30% of basic salary.

iv. Medical allowance Rs 200 p.m. (amount actually spent on her own

treatment is Rs. 2,000).

v. Wardenship allowance 400 p.m.

vi. Rent from house Property Rs. 3,000 p.m.

vii. Contribution to RPF 10% of salary.

viii. House rent paid Rs. 6,000 p.m.

ix. Donation to approved charitable institution Rs. 20,000

Compute her total income for assessment year 2025-26 assuming she is paying tax as per old tax regime.

**6. Explain the following:** **(5x4)**

**a)** Procedure for E-filing of ITR in India

**b)** Profits' in Lieu of Salary

**c)** Computation of Income in Case of Business of Plying, Hiring or Leasing Goods Carriages (Section 44AE)

**d)** Partly Agriculture Income

## 1. a) What do you understand by casual income? How are they treated under the Income Tax Act? (10+10)

### Answer

Casual income means a receipt that arises unexpectedly or occasionally rather than as a regular return from an established source. It is commonly associated with prizes, lucky draws, lotteries and betting. Such a receipt may be uncertain both in its timing and in its amount. However, the description “casual” by itself does not decide whether the receipt is taxable. The Income-tax Act, 1961 taxes income according to its nature and the relevant charging provision.

### Nature and examples of casual income

- **Uncertain receipt:** A person cannot normally predict that a lottery ticket will win or that a game-show entry will receive a prize. Such gains are different from a fixed salary or monthly rent.
- **No regular employment or business source:** An occasional prize may arise without the recipient carrying on a profession. Yet a receipt from a regular betting or gaming business needs the applicable statutory classification.
- **Examples:** Lottery winnings, crossword-puzzle prizes, winnings from card games, other games and betting, and winnings from horse races are familiar examples covered by special tax provisions.

An unusual receipt is not automatically taxable at a flat rate of 30%. For example, a genuine gift from a specified relative may be excluded under the gift provisions, while certain taxable gifts from non-relatives are generally assessed under section 56(2)(x), not automatically as lottery winnings. The exact source of the receipt matters.

### Income-tax treatment

- **1. Taxable head:** Winnings from lotteries, crossword puzzles, races including horse races, card games, other games, gambling or betting are normally chargeable under “Income from Other Sources” where they are not otherwise assessable under an appropriate head.
- **2. Special tax rate:** Section 115BB generally imposes tax at 30% on the specified winnings. Applicable surcharge and health and education cess are additional. The slab-rate exemption does not convert such winnings into ordinary low-rate income.
- **3. Online-game winnings:** Net winnings from online games are governed by the separate provision in section 115BBJ, which also imposes a 30% rate.