

Seat No. : 1062

**OF-103**

October-2019

B.B.A., Sem.-V

CC-306 : Direct Tax

Time : 2:30 Hours]

[Max. Marks : 70

**Instruction :** Show necessary working notes.

1. (A) Write short notes on :

- (1) Person
- (2) Agricultural income
- (3) Previous year with exceptions

OR

- (1) Mr. Kumar visited India for the first time on 1-8-2013. He was also present in India from 1-1-2019 to 5-4-2019. From the following information, determine the residential status of Mr. Kumar for the A.Y. 2019-20 :

Previous Year	Stay in India (days)
2013-14	48
2014-15	192
2015-16	-
2016-17	310
2017-18	55

- (2) Shri Kartik furnishes the following particulars of his income earned during the previous year relevant to the A.Y. 2019-20 : 7

	(₹)
(i) Interest on fixed deposit with Indian company received outside India	60,000
(ii) Income from property in Dubai	5,00,000
(iii) Business profits earned in earlier years and received in London brought to India during current P.Y.	1,00,000
(iv) Profit from a business in U.K., Business is managed from India.	1,80,000
(v) Profit from a business in Mumbai and managed from outside India.	66,000
(vi) Interest on foreign securities. (One-third is received in India)	81,000
(vii) Income from agricultural land situated in Bangladesh.	92,000

Compute his gross total income for the A.Y. 2019-20 in the following circumstances.

- (a) If he is ordinary resident.  
(b) If he is resident but not ordinary resident.  
(c) If he is non-resident.

(B) Do as directed : (Any Four) 4

- (1) \_\_\_\_\_ is a modern progressive method of levying income-tax. Fill in the blank. (Step system/Slab system)
- (2) Goods and Service Tax is an indirect tax. State true or false.
- (3) Illegal income is also taxable like legal income. State true or false.
- (4) The incidence of income-tax depends upon the residential status of the assessee during the Assessment Year. State true or false.
- (5) Method by which an assessee avoids paying tax illegally is termed as :
  - (a) Tax Avoidance
  - (b) Tax Evasion
  - (c) Tax Planning
  - (d) Tax Deduction
- (6) State one income exempt from tax under Section 10.

2. (A) Mr. Rahul joined a company on 1-4-2016 as a manager in the salary scale of ₹ 36,000 – 2,000 – 60,000. Annual increment becomes due on 1<sup>st</sup> April every year. He provides the following details for the year ending 31-3-2019 : 14

- (1) Dearness Allowance at 40% of basic salary.
- (2) City Compensatory Allowance at ₹ 2,000 per month.
- (3) House Rent Allowance at ₹ 3,000 per month. He has paid house rent of ₹ 72,000 per annum.
- (4) Contribution to recognised Provident Fund by both at 15% of salary.
- (5) Interest at 12% p.a. rate credited to RPF A/c is ₹ 4,800.
- (6) Entertainment allowance at ₹ 1,000 per month.
- (7) Children Education allowance \_\_\_\_\_ ₹ 500 per month. (for three children)
- (8) The company pays ₹ 10,000 for gas-water facilities for his personal use.
- (9) Free lunch is provided on 200 working days. Cost per lunch is ₹ 100 and ₹ 20 is deducted from his salary for this facility.
- (10) The company has provided 1.8 C.C. car partly for his private use and partly for office use. All its expenses are met by the employee.
- (11) He has paid professional tax of ₹ 2,400 per annum.

Complete his taxable salary for the A.Y. 2019-20.

OR

- (1) Mr. Kalrav retired from a private company on 31-3-2019 after a service of 26 years and 10 months. He received ₹ 5,00,000 as Gratuity. During the calendar year 2018 and 2019, his average salary was ₹ 20,000 and ₹ 24,000 per month. He received Dearness Allowance at 50% of salary which was considered for retirement benefit. Find out his taxable gratuity for the A.Y. 2019-20. 7
- (2) Give the rules for determining the value of Rent-Free Accommodation provided by the employer. 7

(B) Do as directed : (Any Four)

- (1) ₹ \_\_\_\_\_ per month is added to taxable value of motor-car perquisite if chauffeur/driver is also provided.
- (a) 900
- (b) 600
- (c) 1000
- (d) Nil
- (2) When free education facility in an institution owned and maintained by the employer is provided to an employee, \_\_\_\_\_ p.m. per child is exempted. (100, 300, 1000)
- (3) Compensation paid to an employee for injury suffered while performing duties is \_\_\_\_\_. (Exempt, Taxable)
- (4) Transport Allowance is exempt upto ₹ \_\_\_\_\_ p.m. for a blind/physically disabled person.
- (a) 3,200
- (b) 1,600
- (c) 1,000
- (d) 900
- (5) Entertainment Allowance received by a government employee is exempt upto ₹ 5,000. State true or false.
- (6) Define : 'Perquisite'

3. (A) Mr. Saurav's Profit & Loss A/c for the year ended on 31-3-2019 is given below : 14

Particulars	(₹)	Particulars	(₹)
To Opening Stock	9,68,000	By Sales	30,00,000
To Purchases	18,00,000	By Closing Stock	12,60,000
To Salary	7,00,000	By Bad-debt received	20,000
To Depreciation on Machinery	86,000	By Rent received	72,000
To Interest on Capital	24,000	By Lottery Income	1,00,000
To Advertisement Expenses	7,000	By Income-Tax refund	6,000
To Donations	16,000		
To Motor car Expenses	14,000		
To Travelling expenses	20,000		
To Penalty	6,000		
To Commission on loan	21,000		
To Loss on sale of furniture	6,000		
To Discount reserve	4,000		
To Income-tax	40,000		
To Office expenses	11,000		
To Local taxes (On let-out house)	4,000		
To Net Profit	7,31,000		
	<b>44,58,000</b>		<b>44,58,000</b>

Additional Information :

- (1) Office expense include ₹ 5,000 of daughter's college fees and ₹ 6,000 of Pooja expenses of business.
- (2) Opening stock is valued at 10% more than the cost and closing stock is valued at 5% more than the cost.
- (3) 40% of bad-debt recovered was disallowed in the past.
- (4) The approved depreciation on machinery is ₹ 1,00,000.
- (5) Travelling expense includes ₹ 10,000 for family pilgrimage.
- (6) Motor car is used equally for office and personal purposes.
- (7) Purchase of new furniture for business ₹ 50,000 is not recorded in the above Profit & Loss A/c.

Compute the taxable income from Business & Profession for the A.Y. 2019-20.

OR

- (1) Write a detailed note on 'Deduction for Depreciation' in respect to the concept of Block of Assets. 7
- (2) Write short notes : 7
  - (i) Recovery of Bad debts previously allowed/not allowed.
  - (ii) Scientific Research Expenses

(B) Do as directed : (Any Three) 3

- (1) Depreciation is allowed in case of tangible assets only. State true or false.
- (2) Unabsorbed depreciation can be carried forward for set-off purpose for indefinite period. State true or false.
- (3) Loss incurred due to theft in business premises is an \_\_\_\_\_ expense.  
(Admissible, Inadmissible)
- (4) \_\_\_\_\_ loss is disallowed under income from business & profession.  
(Capital, Revenue)
- (5) Define : 'Block of Assets'.

4. (A) From the following information of Shri Keyur Parikh, calculate the income from other sources for the year ended on 31-3-2019 : 14

	(₹)
(1) Family pension received	26,100
(2) Pension received from former employer	5,000
(3) Interest received on tax-free debentures of X Ltd. (rate of TDS at 10%)	36,000
(4) Agricultural income from land in Gujarat	70,000
(5) Loss in card games	8,000
(6) Remuneration received for working as an examiner in University examination	3,000
(7) Income from Royalty	15,000
(8) Income from unexplained sources	50,000
(9) Rent received from sub-tenant of a house-property	10,000
(10) Income from Lottery (Rate of TDS 30%)	2,10,000
(11) Interest credited to Public Provident Fund A/c	10,000
(12) Dividend received on the units of Unit Trust of India	8,000
(13) He has taken a loan of ₹ 10,000 at 8% rate of interest on 30-9-2018 for investing in debentures of X Ltd.	
(14) He incurred an expense of ₹ 2,000 for purchasing the lottery ticket.	

OR

- (1) Write a note on deductions under Section 24 of the head income from House property. 7
- (2) Write a note on "Types of Capital Assets". 7

(B) Do as directed : (Any Three)

(1) Stock in trade is a capital asset under the head income from capital gain. State true or false.

(2) Gross Annual value of Self-occupied house is :

- (a) 10,000
- (b) 40,000
- (c) Nil
- (d) 50,000

(3) Cost Inflation Index for financial year 2018-19 is \_\_\_\_\_

- (a) 272
- (b) 280
- (c) 290
- (d) 100

(4) Interest on Post Office savings bank a/c is exempted upto ₹ \_\_\_\_\_.

(In single name)

- (a) 7000
- (b) 3500
- (c) 5000
- (d) Nil

(5) Define : 'Deemed Let-out House-property'

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