

Total number of printed pages-7

47 (Sem-6) TXLW BBA/HC-6026(N)/6.2(O)

2022

TAXATION LAWS

Paper : BBA/HC 6026 & 6.2

Full Marks : 80

Time : Three hours

The figures in the margin indicate full marks for the questions.

Answer all questions.

1. (A) Fill in the blanks with appropriate word(s) : 1×5=5
 - (i) The present Assessment Year (P.Y. 2022-23) is ____.
 - (ii) To calculate ____ ____, the incomes under various heads are added.
 - (iii) The maximum qualifying amount for deduction u/s 80C is ____.
 - (iv) Rate of statutory deduction in case of income from house property is ____.
 - (v) Presumptive Taxation Scheme (for a business) is under section ____.

Contd.

(B) State whether the following statements are True **or** False : $1 \times 5 = 5$

- (i) The present Income Tax Act was enacted in the year 1961.
- (ii) To be an resident in India, an individual must satisfy both the basic conditions.
- (iii) Professional Tax is levied by State Government.
- (iv) Agricultural income in India is chargeable to tax.
- (v) The Annual value of self occupied house property is taken as nil.

2. Answer the following : $2 \times 5 = 10$

- (i) Who is a deemed assessee?
- (ii) Write *any four* components of gross salary.
- (iii) Mention *any two* allowances which are fully taxable for all employees.
- (iv) Write the name of the deductions allowed from Annual value while computing income from house property.
- (v) Who are persons as per section 2(31) of the Income Tax of India?

3. Answer **any four** of the following :

5×4=20

- (i) What is partly agricultural income?
Give *two* examples.
- (ii) Write a short note on Tax Evasion and Tax Avoidance.
- (iii) Briefly explain the meaning Business and Profession.
- (iv) Write the meaning of Capital Gains and short term Capital Asset.
- (v) Write the meaning of specified or specific income.
- (vi) Mr. Ranjan, an American citizen, whose father was born in Assam, came to India for a visit for the first time on 14.9.2019. During his stay in India up to 31.3.2020, he stayed at Guwahati up to 31st January, 2020 and thereafter stayed at Delhi till his departure from India. Determine the residential status for the assessment year 2020-21.

4. Answer **any four** of the following :

10×4=40

(i) Mr. Mayur furnished the following information regarding his income from salary which he gets from ABC Company Ltd :

(a) Basic salary Rs. 11,000 p.m.

(b) City compensatory allowance Rs. 150 p.m.

(c) Children education allowance Rs. 400 p.m. (for two children)

(d) Re-inbursement of medical expenses Rs. 25,000.

He was entitled to HRA of Rs. 6,000 p.m. from 1.4.2020 to 31.8.2020. He was paying a rent of Rs. 7,000 p.m. for a house at Guwahati wef. 1.9.2020, he was provided with an accommodation by the company for which the company was paying the rent of Rs. 5,000 p.m. Compute the Gross salary of Mr. Mayur for the year 2020-21.

(ii) (a) What is meant by annual value of house property ?

(b) Explain the tax treatment of interest on loan taken for purchase or construction of a house property. $5+5=10$

(iii) Write short notes on tax planning with respect to **(any two)**: $5 \times 2 = 10$

(a) Location of Business

(b) Nature of Business

(c) Form of Business Organisation

(iv) (a) What is meant by Gross Total Income ?

(b) State the procedure for calculation of Gross Total Income

(c) State *four* deductions allowable from Gross Total Income u/s 80C to 80U. $3+3+4=10$

(v) (a) Write *five* features of GST. 5

(b) Write *five* advantages of GST. 5

(vi) The following is the Profit and Loss Account of Mr. A, a businessman for the year ending 31st March, 2021 :

Particulars	Amt (Rs.)	Particulars	Amt (Rs.)
To Salaries	50,000	By Gross Profit	2,00,000
To Advertisement	10,000	By Interest on Securities	7,000
To Office expenses	8,000	By Bad debts recovered	1,000
To Refreshment	12,000	By Income from house property	12,000
To Bad Debts	750		
To Drawings	11,000		
To Interest on Capital	3,500		
To Rent	12,000		
To Legal expenses	3,000		
To Depreciation	7,500		
To Bonus to employees	5,000		
To Donation	1,000		
To Car purchased	40,000		
To Expenses on car	4,000		
To Provision for bad debts	3,000		
To Net Profit	49,250		
	<u>2,20,000</u>		<u>2,20,000</u>

Additional informations :

- (a) Depreciation allowable on all assets including car is Rs. 10,000.

- (b) Bonus paid to employees on 30.6.2020 and date of filing of return is 31.7.2020.
- (c) Legal expenses is related to purchase of land in the name of this wife.
- (d) Bad debts recovered is in respect of a debt which was written off as bad in the previous year 2019-20.

Compute the income from business of Mr. A for the assessment year 2021-2022.

Total number of printed pages-8

47 (6) TXLW 6.2

2020

TAXATION LAWS

Paper : 6.2

Full Marks : 40

Time : Two hours

The figures in the margin indicate full marks for the questions.

1. Fill in the blanks : 1×5=5
- (a) The present Income Tax Act was enacted in the year _____.
- (b) Employer's contribution to recognised Provident Fund is exempted from tax upto _____ of the salary.
- (c) Income received as rent from sub-letting is taxable under the head _____.
- (d) Entertainment Allowance is allowable as a deduction to _____ employees only.

Contd.

- (e) Income earned by an employee from his employer is chargeable under the head _____.
2. State whether the following statements are true **or** false : 1×5=5
- (a) Gauhati University is an Association of Persons.
 - (b) In case of income from a self-occupied house property, the annual value of the house is taken as nil.
 - (c) Indexation of capital assets is required to be done in case of long-term capital assets.
 - (d) Interest received by an employee on his own contribution to unrecognised Provident Fund is taxable under the head Income from Salaries.
 - (e) Agricultural income in India is not chargeable to tax.
3. Answer the following : 2×5=10
- (a) Write the meaning of Assessment Year.
 - (b) Write *two* significance of Income Tax.
 - (c) What is Capital Gain ?

(d) Mention *two* fully taxable allowances for salaried persons.

(e) What is meant by Annual Value of a house property?

4. Answer the following: (**any two**) $5 \times 2 = 10$

(a) Mr. Das of Howly is the owner of a house property in Guwahati. The house is let out at a rent of ₹13,000 per month. Its Municipal Valuation is ₹1,00,000 and Standard Rent under the Rent Control Act is ₹1,11,000. The Fair Rent of the house is ₹1,20,000. During the previous year 2018-19, the house was self-occupied by the owner for 2 months and remained vacant for 1 month. Municipal taxes paid by the owner during the previous year was ₹10,000. Compute Net Annual Value of the property for the Assessment Year 2019-20.

(b) Mention *five* incomes which are chargeable to tax under the head 'Income from Other Sources'.

$\frac{2}{5} \times 3$

(c) Mr. Prasanta Gogoi had purchased a residential house property on 5th May, 2006 for ₹12,20,000. He had spent ₹4,00,000 on improvement of the house in the year 2012-13. On 1st July, 2018, he sold the house for ₹40,00,000 and incurred ₹12,000 as expenses on transfer. Compute the amount of 'Capital Gains' for the Assessment Year 2019-20. Given, Cost Inflation Index (CII) for 2006-07 : 122, 2012-13 : 200 and 2018-19 : 280.

(d) Briefly explain *five* cases where both the Previous Year and Assessment Year are considered as same.

(e) Write a short note on House Rent Allowance.

(f) Describe *any five* items of income which are fully exempted from tax.

5. Answer the following: (**any one**) $10 \times 1 = 10$

(a) Describe how the residential status of a person is determined. Determine the residential status of Mr. B. Ahuja for the Assessment Year 2019-20 from the following details —

Mr. B. Ahuja, an Indian citizen, has been working in Mumbai branch of Star Ltd. as an officer. On 1st August, 2018, he left India for Australia for office work and returned to India on 15th October, 2018. Again he left for Beijing on 5th January, 2019 and came back to India on 13th March, 2019. $5+5=10$

(b) What is Gross Total Income ? How is it calculated ? Write a short note on deductions allowable from Gross Total Income u/s 80C. $2+2+6=10$

(c) Mr. Sushil Sharma is an employee of X Ltd, Guwahati. Compute his Income from Salary from the following information provided by him for the Assessment Year 2019-20.

(i) Basic Salary ₹ 20,000 per month.

(ii) Dearness Allowance ₹ 4,000 p.m.
(not considered for retirement benefit)

(iii) Entertainment Allowance ₹ 500 p.m.

(iv) Children Education Allowance for his 2 school going children ₹500 p.m. per child.
(actual expenditure on an average is ₹300 p.m.)

(v) Uniform Allowance ₹400 p.m.
(actual expenditure on an average is ₹300 p.m.)

(vi) Employer's contribution to recognised Provident Fund is 15% of salary.

(vii) House Rent Allowance ₹8,000 p.m.
(Rent paid by him ₹7,000 p.m.)

(viii) City Compensatory Allowance ₹2,000 p.m.

(ix) Conveyance Allowance ₹1,000 p.m.
(90% spent on official duties)

(x) Professional tax deducted during the previous year ₹2,500. 10

(d) The following is the Profit and Loss Account of Mr. Kamal who is a proprietor of a firm, for the year ending 31st March, 2019: 10

Particulars	(₹)	Particulars	(₹)
To Salaries	70,000	By Gross Profit	3,10,000
To Rent	10,000	By Bad debts	
To General Expenses	9,000	recovered	2,000
To Reserve for		(disallowed earlier)	
Bad debts	5,000	By Dividend	5,000
To Office Expenses	20,000	By Commission	4,400
To Life Insurance		By Profit on Sale of	
Premium	7,000	Investment	4,000
To Advertisement	10,000		
To Depreciation of			
Motor Car	15,000		
To Interest on Capital	8,000		
To Loss by theft	2,000		
To Provision for			
Income Tax	4,000		
To Net Profit	1,65,400		
	<u>3,25,400</u>		<u>3,25,400</u>

Having regard to the following information, compute the taxable profits from business of Mr. Kamal for the Assessment Year 2019-20 :

- (i) The amount of depreciation allowable on Motor Car as per Income Tax rules is ₹20,000.

(ii) Salary includes ₹10,000 paid to the driver of the motor car who devoted 20% of his time for the personal use of the car for the proprietor.

(iii) Life Insurance Premium has been paid on a policy on the life of the proprietor's wife. 10

(e) Briefly elaborate the deductions which are allowed from Annual Value during the process of computing taxable income from house property. 10

(f) Write short notes on tax planning with respect to — **(any two)** 5+5=10

(i) Location of a business

(ii) Financial management decisions

(iii) Specific managerial decisions.

Total number of printed pages-7

47(6) TXLW 6.2

2019

TAXATION LAWS

Paper : 6.2

Full Marks : 80

Time : Three hours

The figures in the margin indicate full marks for the questions.

1. Fill in the blanks : 1×5=5

(a) Capital gains are chargeable to tax when there arises profit or gain on the _____ of capital asset.

(b) The rate of Income Tax for a given year is fixed by the _____ Act passed by the Parliament.

(c) Salary is taxable on due or receipt basis whichever is _____.

Contd.

(d) ——— means the lump sum amount received from the employer on retirement or death in consideration of service rendered by the employee.

(e) Income from other sources is a ——— head of income.

2. State whether the following are *true or false* :

$$1 \times 5 = 5$$

(a) Cost Inflation Index is applicable for computation of both short-term and long-term capital gains.

(b) Income earned by illegal means is not chargeable to tax under the Income Tax Act.

(c) Nationality of an assessee has no relation with the concept of residential status.

(d) Entertainment allowance is allowable as a deduction to Government Employees only.

(e) Gifts received on the occasion of marriage is not chargeable to tax.

3. Answer the following : $2 \times 5 = 10$

- (a) Define the term 'person'.
- (b) What do you mean by deemed assessee?
- (c) Explain the treatment of municipal taxes paid while ascertaining Net Annual Value.
- (d) Mention *two* perquisites taxable for all employees.
- (e) Define 'Business' according to the Income Tax Act.

4. Answer the following : (*any four*) $5 \times 4 = 20$

- (a) Mr. Ravi Sharma, comes to India for the first time during the previous year 2017-18. Particulars of his stay during the year are as follows :

Arrival	Departure	Place of stay
01/04/2017	19/04/2017	Delhi
08/05/2017	16/07/2017	Mumbai
14/12/2017	15/03/2018	Lucknow

Determine his residential status for the assessment year : 2018-19.

- (b) Municipal Rental Value (MRV) of a residential house is ₹ 30,000 p.a. and actual rent is ₹ 3200 p.m. During the previous year 2017-18, the house was vacant for 2 months. The municipal taxes are @ 10% of MRV. During the year the owner paid ₹ 20,000 as arrears of municipal taxes. Interest on loan taken for construction of house property payable to employer is ₹ 6,000. Compute 'Income from house property'.
- (c) Mention *five* items of general incomes which are chargeable to tax under the head 'Income from other sources'.
- (d) State the differences between Tax avoidance and Tax evasion.
- (e) Write a note on the deductions available under Sec 80C.

5. Answer the following : **(any four)** $10 \times 4 = 40$

- (a) What is meant by the term 'Capital gains'? State the conditions that are required to be fulfilled for an income to be taxed under the head 'Capital gains'. Also state the procedure of computation of long-term capital gains. $2+3+5=10$

(b) Mr Das, an employee of ABC Limited in Guwahati furnishes the following particulars of his income for the previous year 2017-18.

- (i) Basic salary ₹ 12,000 p.m.
- (ii) Dearness allowance ₹ 3,000 p.m.
(60% of which forms part of salary for retirement benefit)
- (iii) Employers contribution to RPF is 13% of salary.
- (iv) Lunch allowance ₹ 800 p.m.
- (v) Medical allowance ₹ 500 p.m.
- (vi) Family allowance ₹ 300 p.m.
- (vii) HRA ₹ 4,000 p.m. He paid rent of ₹ 5,000 p.m.
- (viii) Project allowance ₹ 800 p.m.
- (ix) Travelling allowance ₹ 600 p.m.
(60% spent on official duties)
- (x) During the previous year, his employer deducted ₹ 3,000 as professional tax.

Compute Income from salary.

(c) Mrs. Barua is a registered medical practitioner. She keeps her books on cash basis and for the year ended 31.03.18, her summarised cash account is as under :

Particulars	₹	Particulars	₹
Balance b/d	2,700	Cost of medicines	20,000
Bank loan for private purpose	6,000	Surgical equipment	6,000
Sale of medicines	30,500	Motor car	12,000
Consultation fees	10,000	Car expenses	1,800
Visiting fees	8,000	Salaries	1,200
Interest on Investment	9,000	Rent of dispensary	1,200
Rent from property	7,200	General expenses	600
Sale of building	15,000	Personal expenses	3,600
		Life insurance premium	360
		Property insurance	400
		Fixed deposit in bank	30,000
		Balance c/d	11,240
	88,400		88,400

Compute her Income from profession for the previous year 2017-18 after taking into account :

- (i) 1/3rd of car expenses are for personal use.
- (ii) Rate of depreciation of the car is 15%.

- (iii) Rate of depreciation on surgical equipments is 15%.
- (d) Write a comprehensive note on Tax Planning with reference to location and nature of a new business.
- 5+5=10
- (e) State the rules of valuation of perquisite in respect of Rent free accomodation.
- (f) Discuss briefly how the residential status of an assessee affects his liability to Income Tax.
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Total number of printed pages-8

47 (6) TXLW 6.2

2018

TAXATION LAWS

Paper : 6.2

Full Marks : 80

Time : Three hours

The figures in the margin indicate full marks for the questions.

1. Fill in the blanks : 1×5=5
- (a) The present Income Tax Act was enacted in the year _____.
 - (b) Rate of statutory deduction in case of income from house property is _____.
 - (c) The maximum qualifying amount for deduction u/s 80C is Rs. _____.
 - (d) The residential status of an assessee is ascertained only for the purpose of ascertainment of _____ liability of the assessee.
 - (e) Indexation of capital asset is required to be done in case of _____ capital asset.

Contd.

2. State whether the following are true or false 1×5=5
- (a) Total of all deductions admissible under sections 80C to 80U cannot exceed gross total income.
 - (b) Agricultural income is fully exempted from tax.
 - (c) The annual value of self occupied house property is taken as nil.
 - (d) All allowances are fully taxable.
 - (e) An Indian Citizen is always considered as resident and ordinarily resident in India.

3. Answer the following :

2×5=10

- (a) Who is an assessee?
- (b) What is the meaning of Gross Total Income?
- (c) What is Capital Gain?
- (d) Mention *two* perquisites which are taxable for all employees.
- (e) What is annual value of a house property?

4. Answer the following : (*any four*) $5 \times 4 = 20$

(a) Mention *any five* items of income which are fully exempted from tax.

(b) Mr. Rahul is the owner of a house property in Guwahati. The house is let out at a rent of Rs. 10,000p.m. Its municipal valuation is Rs. 1,20,000p.a. and standard rent is Rs. 1,15,000p.a. The fair rent of the house is Rs.1,35,000. The house was self-occupied for two months, and remained vacant for one month. Municipal tax paid Rs. 8,500.

Compute net annual value for the assessment year 2018-19.

(c) Mr. Rupam Sharma bought a plot of land for Rs. 10,00,000 on June 1, 2005. He spent Rs. 70,000 on improvement of the plot of land during the year 2008-09. On 4-8-2017, he sold the plot for 30,00,000. His expenses on transfer amounted to Rs. 10,000. Compute the amount of 'Capital Gains' for the assessment year 2018-19. Given, Cost Inflation Index (CII) for 2005-06=117; 2008-09=137 and 2017-18=272.

Or

State the procedure for computation of long term capital gain.

- (d) Mention *five* items of general income which are chargeable to tax under the head 'Income from other sources'.
- (e) Give a brief account of the provisions of IT Act, 1961 regarding tax planning with reference to setting up of a new business.

5. Answer the following : **(any four)**

10×4=40

- (a) Mr. Partha Barua, an employee of Assam Tea Company in Guwahati furnishes the following particulars of his salary income for the previous year 2017-18 :
 - (i) Basic Salary Rs. 20,000p.m.
 - (ii) Arrears of Salary Rs. 4,000.
 - (iii) Dearness allowance 60% of basic salary.
 - (iv) Medical allowance Rs. 3,000p.m.
 - (v) Conveyance allowance Rs. 2,000p.m. of which 80% is spent for official duties.

(vi) City compensatory allowance
Rs. 1,000p.m.

(vii) Bonus received Rs. 12,000.

(viii) Children education allowance
Rs. 1,000p.m. per child. (He has
two school going children)

(ix) He contributes 15% of his salary
to a recognised provident fund and
his employer also contributes the
same amount.

(x) Professional tax deducted
Rs. 3,000 for the year.

Compute the taxable income from
salary of Mr. Partha Barua for the
assessment year 2018-19. 10

(b) State the deductions which are allowed
from annual value while computing
taxable income from house property. 10

(c) Describe the techniques of tax planning
with respect to geographical location
and financial management decisions. 5+5=10

(d) Write a note on the deductions available
under section 80C of the Income Tax
Act, 1961. 10

(e) The following is the Profit and Loss Account of Mr. Ramgopal, manufacturer for the year ending 31-3-2017.

Particulars	Amt. Rs.	Particulars	Amt. Rs.
To Office Salary	47,500	By Gross Profit	1,90,000
To Advertisements	12,250	By Interest on Securities	7,000
To General Expenses	8,000	By Bad debts recovered	6,000
To Entertainment Exp.	11,000	By Income from house property	12,500
To Bad Debts	750		
To Drawings by proprietor	12,000		
To Sales Tax	3,000		
To Interest on Capital	3,500		
To Rent	12,000		
To Legal Exp.	2,000		
To Depreciation	7,500		
To Bonus to employees	5,000		
To Car purchased	36,000		
To expenses on Car	6,000		
To Donation	1,000		
To Provision for bad debts	3,000		
To Net Profit	45,000		
	<u>2,15,500</u>		<u>2,15,500</u>

ditional Information :

- (i) Depreciation allowable on all assets including Car is Rs. 10,000.
- (ii) Bonus paid to employees on 30-6-2017 and date of filing of return is 31-7-2017.
- (iii) Legal expenses relates to purchase of land.
- (iv) Bad debts recovered is in respect of a debt which was written off bad in the previous year 2016-17.

Compute business income for the A. Y. 2017-18. 10

- (f) Mr. Nandan Bora, aged 50 years who is carrying on business at Guwahati, furnishes the following particulars for the previous year 2017-18.

- (i) Income from business
Rs. 7,20,000
- (ii) Long term capital gain on sale of land Rs. 40,000
- (iii) Interest on bank deposits
Rs. 15,000

(iv) Payment made for mediclaim insurance policy on his own dependent family members Rs. 10,000

(v) Dividend received from Indian Company Rs. 5,000.

Mr. Nandan Bora resides in a rented house for which he paid Rs. 5,000 p.m. as house rent during the previous year 2017-18.

Compute his total income for the assessment year 2018-19. 10

Total number of printed pages-11

47 (6) 6.2

2017

TAXATION LAWS

Paper : 6.2

Full Marks : 80

Time : Three hours

The figures in the margin indicate full marks for the questions.

1. Fill in the blanks :

1×5=5

(a) Assessment year means the period of twelve months starting from _____ of every year.

(b) In case of "Income from House Property", the Assessee should be _____ of the property.

(c) Income earned by an employee from his employer is chargeable under the head _____.

(d) Professional Tax is levied by a state under article _____ of the Constitution.

Contd.

- (e) Section _____ provides exemption to Capital gains arising from the transfer of a residential house property.

2. State whether the following are true **or** false:

$$1 \times 5 = 5$$

- (a) Agricultural Income in India is not chargeable to tax.
- (b) Under section 2(31) of the Income Tax Act, 1961, the term 'person' does not include a company.
- (c) If any city compensatory allowance is paid to meet additional expenditure, then it is not chargeable to tax.
- (d) Under section 22, a resident assessee is not taxable in respect of annual value of a property situated in a foreign country.
- (e) Cost Inflation Index is applicable for computation of both short term and long term capital gains.

3. Answer the following : $2 \times 5 = 10$

(a) What is Gross Total Income ?

(b) What is Uniform Previous year ?

(c) Explain the meaning of Capital Asset.

(d) What is meant by 'Net Annual Value' of a let out house property ?

(e) Explain Deduction from Gross Total Income under section 80D.

4. Answer the following : **(any four)**

$5 \times 4 = 20$

(a) Mr. Sagar, an Indian citizen, who is appointed as Senior Taxation officer by the Government of Iran, leaves India, for the first time on September, 10, 2014 for joining his duties in Iran. During the previous year 2015-16, he comes to India on a visit for 181 days. Determine his residential status for the assessment years 2015-16 and 2016-17.

- (b) State the procedure of computation of income from a let out house property.
- (c) Write a note on the procedure of calculating the deduction in respect of donation under section 80G.
- (d) Explain the distinctions between Tax avoidance and Tax evasion.
- (e) Mr. Shiva owns a residential house property. It has two equal residential units — Unit-1 and Unit-2. While Unit-1 is self-occupied by Mr. Shiva for his residential purpose, Unit-2 is let out (rent being ₹6,000/- per month, rent of 2 months could not be recovered). Municipal value of the property is ₹1,30,000/-, standard rent is ₹1,25,000/- and fair rent is ₹1,40,000/-. Municipal tax is imposed @12% which is paid by Mr. Shiva. Other expenses for the previous year 2015-16, being repairs : ₹250/-, insurance : ₹600/-, interest on capital (borrowed

during 1997) for constructing the property : ₹63,000/-.

Find the income of Mr. Shiva for the assessment year 2016-17 on the assumption that income of Mr. Shiva from other sources is ₹1,80,000/-.

5. Answer the following : **(any four)**

10×4=40

(a) Mr. Mithun Sarma is an area manager of M/s. N. Steels Co. Ltd. During the financial year 2015-16, he gets the following emoluments from his employer :

Basic Salary :

upto 31.08.2015 = ₹20,000/- p.m.

from 01.09.2015 = ₹25,000/- p.m.

Transport Allowance = ₹2,000/- p.m.

Contribution to recognised Provident Fund
= 15% of Basic Salary.

Children education allowance (Total)

= ₹500/- p.m. for two children.

City compensatory allowance = ₹300/- p.m.

Hostel expenses allowance (Total)

= ₹380/- p.m. for two children

Tiffin allowance (actual expenses ₹3,700/-)

= ₹5,000/- p.a.

Tax paid on employment = ₹2,500/-

Compute taxable salary of Mr. Mithun
Sarma for the Assessment Year
2016-17.

10

(b) Write short notes as per provisions of
Income Tax Act, 1961 on : $2\frac{1}{2} \times 4 = 10$

(i) Entertainment Allowance

(ii) Profession

(iii) Perquisite

(iv) House Rent Allowance.

(c) From the following Profit and Loss Account of BECHARAM (age : 31 years, resident) for the year ending March, 31, 2016, ascertain his total income for the Assessment year, 2016-17 :

	Rs.		Rs.
General Expenses	13,400	Gross Profit	4,15,500
Bad debts	22,000	Commission	8,600
Advance Tax	2,000	Brokerage	37,000
Insurance	600	Sundry Receipts	2,500
Salary to staff	26,000	Bad debt recovered (earlier allowed as deduction)	11,000
Salary to BECHARAM	51,000		
Interest on Overdraft	4,000	Interest on Debentures (i.e. net amount ₹22,500/- + tax deducted at source : ₹2,500/-)	25,000
Interest on Loan paid to wife of BECHARAM	42,000		
Interest on Capital of BECHARAM	23,000	Interest on Deposit with a company (Non trade) (Net interest : ₹11,700/- + tax deducted at source : ₹1,300/-)	13,000
Depreciation	48,000		
Advertisement	7,000		
Contribution to Employees' recognised Provident fund	13,000		
Net Profit	2,60,600		
	<u>5,12,600</u>		<u>5,12,600</u>

Other information :

- (1) The amount of depreciation allowable is ₹37,300/- as per the Income-tax Rules. It includes depreciation on permanent sign board.
- (2) Advertisement includes ₹3,000/- being cost of permanent sign board fixed on office premises.
- (3) Income of ₹4,500/- accrued during the previous year, is not recorded in the Profit and Loss Account.
- (4) BECHARAM pays ₹6,000/- as premium on own life insurance policy of ₹70,000/-.
- (5) General Expenses include ₹500/- given to the wife of BECHARAM for arranging a party in honour of a friend who has recently come from USA.
- (6) Loan taken from the wife of BECHARAM was for payment of arrears of income-tax.

10

(d) Briefly explain the cases where property income is exempt from tax. 10

(e) Karuna Sankar (age : 30 years), an Indian national, furnishes the following particulars for the assessment year 2016-17 :

Income from Salary :

	(₹)
→ Basic Salary	= ₹2,16,000/-
→ Bonus	= ₹42,000/-
→ City Compensatory Allowance	= ₹14,000/-
→ Interest (net) on listed debentures paid on December 17, 2015 (net of tax deducted at 10%)	= ₹9,000/-
→ Winnings from lotteries (amount received on March 1, 2016, net of tax deducted at source)	= ₹35,000/-
→ Dividends on shares of a foreign company (Gross)	= ₹2,78,000/-

Besides, Karuna Sankar owns a house property in Delhi (erection of which was completed on April 30, 1997). Municipal valuation of the house is ₹1,60,000/-; Fair rent is ₹1,58,000/- and the Standard rent under the Delhi Rent Control Act is ₹1,51,000/-. It is let out to a tenant for residential purpose at monthly rent of ₹17,000/-. Unrealised rent pertaining to the financial year 2012-13 is ₹40,000/-. Unrealised rent pertaining to the financial year 2015-16 is ₹14,000/-. During the previous year, the property remains vacant for 20 days.

Karuna Sankar makes the following expenditure/investment during the previous year 2015-16 :

	₹
→ Municipal taxes	= ₹17,000/-
→ Repairs	= ₹12,000/-
→ Interest on borrowed capital	= ₹13,500/-
→ Contribution to Recognised Provident fund	= ₹1,28,400/-

Determine the net income of Karuna Sankar for the assessment year 2016-17.

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- (f) Write a comprehensive note on Tax Planning with reference to setting up of a new business. 10
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Total number of printed pages-11

47(6) TXLW 6.2

2013

TAXATION LAWS

Paper : 6.2

Full Marks : 80

Time : Three hours

The figures in the margin indicate full marks for the questions.

1. Fill in the blanks : 1×10=10

(a) The year in which income is earned is known as _____.

(b) A HUF is _____ in India if control and management of its affairs is partly situated in India.

(c) Income of Khadi and Village Industries Board set up by the State Govt. is _____ from tax.

Contd.

- (d) _____ is a fully taxable allowance under the head income from salary.
- (e) The maximum amount of deduction for interest on loan taken for construction of House Property on or after 1st April, 1999 is _____.
- (f) The maximum qualifying amount for deduction under section 80C, 80CCC and 80CCD is _____.
- (g) The rate of tax charged on long term capital gain is _____.
- (h) _____ means the amount received by an employee every month after retirement from service.
- (i) An amount of Rs. 60,000 received as gift from a friend on 6.5.2011 is chargeable to tax under the head _____.
- (j) A business organisation cannot claim any deduction on payment made in cash in a day in excess of _____.

2. Answer the following : $2 \times 5 = 10$

(a) What do you mean by income deemed to be received in India ?

(b) What is assessment year ?

(c) What do you mean by Standard Rent of a House Property ?

(d) Define short term capital asset.

(e) An asset has been purchased on 1.5.2011 for Rs. 2,00,000. The rate of depreciation chargeable on the asset is 15%. The asset has been put to use on 1.1.2012. Calculate the amount of depreciation chargeable on the asset under the head profit and gains from business and profession.

3. Answer the following : (*any four*) $5 \times 4 = 20$

(a) Discuss in brief the tax treatment of rent free furnished accommodation in computation of income from salary. 5

(b) What are the conditions to be fulfilled by an individual to make his status resident and ordinarily resident in India ? 5

(c) In computing income from business what are the provisions relating to the following expenses ?

(i) Expenses in respect of business premises.

(ii) Repairs and insurance of machinery, plant and furniture. $2\frac{1}{2} + 2\frac{1}{2} = 5$

(d) Mrs. P. Bora, resident in India, particulars of income are as under :

(i) She took a house on rent for Rs. 5000 per month and spent Rs. 2000 (annual) for repairs and maintenance of the house. She let out half portion of the house to her friend at Rs. 4000 per month.

(ii) Agricultural income in Nepal Rs.10,000 was not brought to India.

(iii) Family pension Rs. 12,000 per month.

(iv) Winning from lottery Rs. 84,000.

(v) Interest on Public Provident Fund
Rs. 35,000.

Compute the taxable income from other
sources for the relevant assessment year
2012-13. 5

(e) *R* owns a house property in Delhi. From the
particulars given below, compute the income
from house property for the assessment year
2012-13 :

Municipal value Rs. 2,00,000

Fair Rent Rs. 2,52,000

Standard Rent Rs. 2,40,000

Actual Rent (per month) Rs. 23,000

Municipal taxes — 20% of municipal value

Municipal taxes paid during the year — 50%
of tax levied .

Expenses on repairs Rs. 20,000

Insurance premium Rs. 5,000

Interest on loan taken for the construction
of house property is Rs. 12,000. 5

(f) From the following information regarding the income of Mr. B. Banerjee for the previous year 2011-12, compute his total income for the assessment year 2012-13.

(i) Income from salary 3,55,000

(ii) Income from House Property

Rs. 1,20,000

(iii) Dividend from Indian Company

Rs. 6,000

(iv) Income from capital gain Rs. 17,000

He made the following payments during the previous year 2011-12.

(i) Premium paid Rs. 16,000 by cheque on mediclaim.

(ii) Deposited Rs. 10,000 with LIC pension fund to get an annuity.

(iii) Invested Rs. 40,000 in NSC VIII issue

(iv) Deposited Rs. 58,000 in PPF account in his name.

(v) Paid Rs. 6,000 as life insurance premium on his own life. 5

4. Answer the following : (*any four*) $10 \times 4 = 40$

(a) Define total income and state the procedure for computing tax liability on total income.

$3 + 7 = 10$

(b) (i) Explain in brief the tax treatment of Income from lottery.

(ii) What are the basic rules governing deductions under section 80C to 80U under the IT Act.

$5 + 5 = 10$

(c) What is tax planning ? What are the objectives of tax planning ? State the factors on the basis of which tax planning is done.

$3 + 5 + 2$

(d) Mrs. Anita Das is working in a private company posted at Shillong. She submits the following particulars of her income for the financial year ended on 31st March, 2012. You are required to compute her income from salary for the assessment year 2012-13.

- (i) On 1.1.2009 she joined service in the scale of pay Rs. 21,000—1,000—35,000.
- (ii) Dearness allowance Rs. 5,000 p.m.
- (iii) House Rent Allowance Rs. 8,000 p.m.
(Rent paid by her Rs. 7,000 p.m.)
- (iv) City Compensatory Allowance Rs. 400 p.m.
- (v) Family Allowance Rs. 500 p.m.
- (vi) Bonus for the year Rs. 1,00,000
- (vii) She was provided with furniture having market price of Rs. 80,000 by her employer. These furniture were hired by her employer. Annual hire charge is Rs. 15,000.
- (viii) Hostel allowance for children @ Rs. 3,500 per month for three children.

- (ix) Reimbursement of medical expenses by employer Rs. 18,000 for medical treatment of the employee in a private hospital.
- (x) During the year she encashed 30 days earned leave for Rs. 35,000. 10
- (e) R purchased a house on 28.6.1990 for Rs. 1,10,000 and paid Rs. 10,000 for getting the house registered in his name. On 15.7.1995 he spent an amount of Rs. 60,000 and on 15.6.2010 an amount of Rs. 40,000 for the improvement of the house.

He sold the above house on 30.11.2011 for a sum of Rs. 45,00,000. Expenses on transfer were 2% of the sale consideration. Compute the capital gain for the assessment year 2012-13

[CII for : 1990 - 91 : 182

1995 - 96 : 281

2010 - 11 : 711

2011 - 12 : 785] 10

- (f) From the profit and loss account of X for the year ending March 31, 2012, ascertain his income from business for the assessment year 2012-13.

Particulars	Rs.	Particulars	Rs.
General Expenses	13,400	Gross Profits	3,15,500
Bad Debts	22,000	Commission	8,600
Advance tax	5,000	Brokerage	37,000
Insurance	600	Sundry Receipt	2,500
Salary to staff	26,000	Bad debt recovered	
Salary to X	48,000	(earlier allowed as	
Interest on Overdraft	4,000	deduction)	11,000
Interest on loan to		Interest on	
Mrs. X	42,000	debentures	25,000
Interest on capital		(i.e. net amount	
of X	23,000	Rs. 22,500+TDS	
		Rs. 2,500)	
Depreciation	48,000	Interest on	
		deposit with	
Advertisement		a company	13,000
Expenditure	7,000		
Contribution to			
employees provident			
fund	13,000		
Net Profit	1,60,000		
	<u>4,12,600</u>		<u>4,12,600</u>

Other information :

1. The amount of depreciation allowable is Rs. 37,300 as per the Income tax rules. It includes depreciation on permanent sign board.
 2. Advertisement expenditure includes Rs. 3,000 being cost of permanent sign board fixed on office premises.
 3. Income of Rs. 4500 accrued during the previous year, is not recorded in the profit and loss account.
 4. General expenses included (a) Rs. 500 given to Mrs. X for arranging a party in honour of a friend who has recently come from Canada (b) Rs. 1000 being contribution to a political party.
 5. Loan was taken from Mrs. X for payment of arrears of income tax.
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