

Seat No. : _____

JC-102

January-2021

B.B.A., Sem.-V

CC-306 : Direct Tax

Time : 2 Hours]

[Max. Marks : 50

Instructions : (1) All questions in Section - I carry equal marks.

(2) Attempt any two questions in Section - I

(3) Question 5 in Section - II is compulsory.

(4) Attempt any ten questions in Section - II.

SECTION - I

1. (A) Write a short notes on :

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(i) Agriculture Income

(ii) Assessment Year and Previous year with exception.

(B) Following are the income details of Mr. Taxman during previous year 2019-20.

Particular

1. Income from Agriculture in India. 55,800

2. Dividend received from Foreign company but deposited in Bank of India 4,500

3. Dividend received from an Indian company but deposited in Foreign Bank 5,500

4. Income received in earlier previous year outside India but brought in India during the previous year. 22,000

5. Income from property in England half of which received in India remaining amount received there. 42,000

6. Pension from former employer in India received in New Zealand. 51,000

7. Profit from business in Ahmedabad and managed from outside 17,000

8. Gift Received from sister. 12,000

9. Income from business in Ahmedabad. Controlled from 18,500.

10. Income from business in Amsterdam. Controlled from 25,000.

Find out his gross total income. If he is (i) Resident and ordinarily resident (ii) Resident but not ordinarily resident (iii) Non-resident in India.

2. (A) Mr. Akshay Kumar is an employee in Moon India Limited. Find out taxable salary income for the previous year 2019-20. 10

1. Basic Salary : ` 3,00,000 p.a.

2. Dearness Allowance is 1/3 of basic pay (1/4 of which is part of salary for retirement purpose)

3. House Rent Allowance ` 1,000 per month.

4. Transport Allowance ` 2,400 p.m.

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5. Education Allowance (for 3 Children) ` 6,000.
6. Hostel Allowance (for 2 Children) ` 10,000.
7. Employers contribution to R.P.F. is ` 3,500 p.m.
8. Gas and electricity charges paid by company ` 22,800. (1/3 for personal use)
9. On 1-1-2016, the company had purchased a laptop of ` 80,000. The company has allowed him to use the laptop. On 1-5-2019 he purchased such laptop from company at ` 2,000. (Rate of depreciation @ 50% p.a. under reducing balance method)
10. Lunch facility provided during office hours for 250 days. Cost per dish ` 120 is borne by the company; a token amount of ` 30 per dish is deducted from his salary.

(B) Mr. Tapan has provided following information. 10

Basic Salary : ` 5,00,000 p.a.

Dearness Allowance : 40% of Basic salary (60% of D.A. is use for retirement benefit)

Medical allowance : ` 40,000, Bonus : ` 50,000, Commission : ` 40,000

Cost of furniture provided by employer : ` 3,00,000

Hire charges paid by employer for home appliance : ` 3,000 p.m.

Calculate taxable perquisite as per following conditions.

- (1) If the house is in Ahmedabad.
- (2) If the house is in Vadodara (Population 21,00,000)
- (3) If the house is in Jamnagar (Population 9,00,000)
- (4) If company has pay rent of ` 9,000 p.m.
- (5) If company has pay rent of ` 10,000 p.m.

3. (A) Determine taxable income from business from the profit & loss Account and other information of Mr. Chintan Shah for the year ending 31-3-2020. 10

Particular	`	Particular	`
To Advertisement	16,000	By Gross Profit	6,40,000
To Bonus	85,000	By Dividend from Foreign Company	4,200
To Charity	22,000	By Dividend from Indian Company	6,800
To Income tax provision	18,000	By Winning from Lotteries	18,800
To Insurance	22,000	By Gift form relatives	12,000
To Motor car expenses	32,000	By Bad Debts recovered (Allowed)	10,000
To Prov. Fund Contribution	15,000	By Commission Received	25,200
To Purchase of new Computer	8,000		
To Rent of factory building	5,500		
To Salaries	22,500		
To Theft of goods	6,000		
To Theft of office furniture	8,000		
To Travelling expenses	28,300		
To Wealth tax	33,000		
To Net Profit	3,85,700		
	7,17,000		7,17,000

Additional Information :

- (1) 1/2 of the use of car is for personal purpose.
- (2) Travelling expenses includes of ` 18,300 for family tour.
- (3) Purchase computer for office use.
- (4) Insurance premium includes ` 5,000 for life insurance.

Compute the taxable income from Business and profession for the P.Y. 2019-20.

- (B) Dr. Aakash Patil's Receipts and Payment Account for the year ended 31-3-2020 is as under :

Receipts	`	Payments	`
To Balance b/f	1,00,000	By Clinic Rent	1,20,000
To Visit Fees	3,10,000	By Electricity Expenses	80,000
To Consultation fees	3,80,000	By Motor car Expenses	24,000
To Sale of Medicine	1,40,000	By Purchase of Medicine	55,000
To Operation Theatre rent	1,80,000	By Purchase of Surgical Equipments (1-6-2019)	1,80,000
To Sale of Surgical Equipment	10,000	By Municipal Tax	4,000
To Income from house rent	21,000	By Staff Salaries	3,10,000
To Gift from patient	12,000	By Balance c/d	3,80,000
	11,53,000		11,53,000

Additional Informations :

- (1) The Opening Balance of surgical equipment was ` 60,000. Depreciation allowed is 20%.
 - (2) Loss in horse race amounted to ` 22,000.
 - (3) The Opening stock of medicine is ` 32,000 and Closing stock is ` 12,000.
 - (4) Municipal tax includes ` 2,000 of let-out house.
 - (5) 50% use of motor car is for personal purpose.
- From the above details, find out the total taxable income under the head "Business and Profession" for the P.Y. 2019-20.

4. (A) From the following information given below, calculate the taxable income from other sources of Mr. Rohit Sippy for the P.Y. 2019-20.

Sr. No.	Particulars	`
1.	Dividend Received on 10% Preference shares of Indian Oil Company	8,800
2.	Interest received on 15% debentures of 'A' Ltd.	10,800
3.	12% less tax debenture of 'ABCD' Ltd. (T.D.S. 10%)	75,000
4.	12% tax free debenture of 'XYZ' Ltd. (T.D.S. 10%)	75,000
5.	Net income from card game	56,000
6.	Family pension received	36,000
7.	Interest on 7% Capital Investment Bonds.	9,000
8.	Interest credited to P.P.F.	8,500
9.	Interest received on Post office savings Account (Joint name)	1,200
10.	Sitting fee for attending meeting of Board of Directors	28,000

Mr. Rohit incurred following expenses.

1. Paid Entry fees in club for horse race 3,500
 2. Interest on loan to make investment in preference shares of Indian oil company. 4,500
 3. Interest on loan to make investment in debenture of 'A' Ltd. 1,000
- (B) Define Gross Annual Value. How is the Gross Annual Value of Let out house determined ? 10

Section - II

5. Do as directed : (any ten) 10
- (1) _____ is direct tax. (Income Tax/G.S.T.)
 - (2) Classify Saurashtra University in context of person.
(A Local Authority/An artificial Juridical person)
 - (3) Classify Ahmedabad Municipal Corporation in context of person.
(An artificial Juridical person/A Local Authority)
 - (4) The previous year can be a period of maximum _____ months. (12/15)
 - (5) What basis is take for income tax liability? (Citizenship/Residential Status)
 - (6) _____ % of BABC for the Accommodation where the population less than 10,00,000. (5/7.5/15)
 - (7) House Rent Allowance is fully taxable to _____.
(A person who is living in his own house/A person is paying lower rent)
 - (8) Employees Contribution to R.P.F. is exempt up to 12% of salary. (True/False)
 - (9) Entertainment allowance received by Non-government employee is fully _____ ?
(Taxable/Exempt)
 - (10) City Compensatory allowance is fully exempted under salary. (True/False)
 - (11) Which of the following incomes are considered as in "Income from profession" :
for Dr. Parul Sohil. (Gift from patient/Gift from Relative)
 - (12) Which expenses of the following is not allowed under the head of Business Profession. (Bad Debt/Bad Debt Reserve)
 - (13) Which income is considered as a business income ?
(Discount Received/Dividend Received)
 - (14) Capital expense paid for business is not allowed as business expense in computation of business income as per Income Tax Act. (True/False)
 - (15) How much standard deduction is allowed from Net Annual Value of House Property ? (20%/30%)
 - (16) How much Net Annual Value of Self occupied House ?
(As per Municipal Value/Zero)
 - (17) In computation of _____ capital gain indexation is not necessary.
(Short term/Long term)
 - (18) Cost inflation index for the P.Y. is (272/280/282/289)
 - (19) Gratuity received by the Government Employee is fully exempt from Tax. (True/False)
 - (20) Interest credited to R.P.F. is exempt up to _____ % (9.5/12)