

NF-102

November-2023

BBA., Sem.-V

CC-306 : Direct Tax

Time : 2½ Hours]

[Max. Marks : 70

1. Write short notes on : 14
- (i) Gross Total Income
- (ii) Assessment Year and Previous Year

OR

1. R.B. Singh furnishes the following particulars of his income earned during the previous year relevant to the assessment year 2023-24 : 14

Particulars	(₹)
1. Interest on Thomas Development Bonds (one-sixth received in India).	1,35,000
2. Income from agriculture land in Bangladesh, received there but later on remitted to India.	1,60,000
3. Interest from property in USA received in India.	1,15,000
4. Income earned from business in China which is controlled from Ahmedabad (3,87,500 is received in India).	7,87,500
5. Profit from business in Bengaluru and managed from outside India (50% of the profit is received outside India).	25,000
6. Interest on F.D. with Indian company but received outside India.	16,000
7. Pension from former employer in India but received in Germany.	1,25,000
8. Past profit from business generated in 2020 from Japan brought in India during current year.	2,00,000
9. Dividend received outside India from shares of foreign company.	1,50,000
10. Income from agriculture land situated in India.	2,00,000
11. Interest received on Bank Fixed Deposits.	50,000
12. Profit on sale of property in India but received abroad.	1,75,000
13. Profit from property in a foreign. (not brought in India)	8,25,000
14. Dividend on shares of Indian Companies, received directly outside India.	50,000

Find out the gross income of R.B. Singh for the assessment year 2023-24 :

- (A) If he is resident and Ordinarily resident in India.
- (B) If he is resident but not Ordinarily resident in India.
- (C) If he is non-resident in India.

2. Compute the salary of a specified employee, Shree Ram for the previous year relevant to assessment year 2023-24 from the data made available to you :

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- (1) Basic Salary: He joined on 1-7-2018 in the grade pay 20,000-2,000-26,000-5,000-56,000, the increment falling due on 1st July every year.
- (2) Dearness Allowance ₹ 1,70,400
- (3) Bonus and Commission ₹ 32,000
- (4) Entertainment Allowance ₹ 2,000 p.m.
- (5) Children Education Allowance ₹ 600 p.m. (for 1 child)
- (6) The employer has provided him a flat (+ furniture etc.) for which the employer pays rent of ₹ 20,000 p.m. The employer has spent ₹ 5,84,000 on its furniture.
- (7) The employer has provided a chauffeur-driven car; all expenses are borne by the employer. The car is for office and private use and has 1.8 litres cubic capacity engine.
- (8) The employer contributes @ 14% of basic pay towards his recognised provident fund.
- (9) Interest credited to his P.F. A/c @ 9.5% is ₹ 22,400.
- (10) The employer has made the following deductions from his pay :
 - (i) Employee's P.F. contribution 14% of basic pay.
 - (ii) Professional Tax ₹ 4,800 (Annual).
 - (iii) Recovery of token rent for the accommodation @ 10% of basic pay.
 - (iv) Recovery of excess commission paid during the year ₹ 4,000.

OR

- 2. (A) Explain the provisions of 'Perquisites' under Income-Tax Act. 7
- 2. (B) Shri Kuldeep employed in a firm retires after 32 years and 6 months of service on 31-3-2023 and receives a gratuity of ₹ 11,66,835. His average monthly salary for the ten months before the month of retirement was ₹ 40,000. Is the amount of gratuity received by the assessee exempted from tax ? Compute the exempted gratuity. 7

3. Following is the Profit & Loss A/c of Mr. Kartik who is trading a specific chemical, for the year ending 31st March, 2023.

14

Dr.		Profit & Loss A/c		Cr.	
Particulars	Amt (₹)	Particulars	Amt. (₹)		
Salary.	4,50,000	Gross Profit	15,00,000		
Bad-Debts	15,000	Discount	60,000		
Bad-Debt Reserve	30,000	Bad-Debt Recovery.			
General Expenses	75,000	(50% not allowed in			
Insurance Premium.	75,000	past)	30,000		
Sales Tax	15,000	Interest and Dividend	1,50,000		
Interest on Capital	45,000	Deposits Interest of			
		Post Office			
Advance Income tax.	27,000		60,000		
Advertisement.	45,000				
Donation	9,000				
Motor Car Expense	30,000				
Telephone Expense	18,000				
Depreciation.	36,000				
Net Profit	9,30,000				
	18,00,000		18,00,000		

Additional Information

- (1) Salary includes ₹ 9,000 paid to Mr. Kartik.
- (2) General Expenses includes ₹ 30,000 for payment being made for personal purchase of Mr. Kartik.
- (3) Advertisement includes ₹ 27,000 spent on purchase of new permanent sign board.
- (4) Motor Car expenses includes ₹ 12,000 towards personal purpose.
- (5) Insurance premium includes ₹ 30,000 of Life Insurance premium.
- (6) Allowable depreciation as per income tax is ₹ 45,000.
- (7) An unrecorded income of ₹ 60,000 of chemical trade is found out from passbook.

From the above information find out taxable income of Mr. Kartik for the previous year 2022-23.

OR

3. Dr. Pravin's Receipt and Payment A/c for the year ended 31st March, 2023 is as under : 14

Receipt & Payment A/c

Receipts	Amt. (₹)	Payments	Amt. (₹)
To Balance B/F	1,50,000	Clinic Rent	6,60,000
Visit Fee	9,30,000	Electricity	3,00,000
Consulting fees	11,10,000	Purchase of medical books	30,000
Sale of Medicine	90,000	Purchase - surgical equipments	
Operation theatre Rent	2,70,000	through Bank loan (1-2-23)	3,90,000
Sale of Surgical		Motor Expense	36,000
Instruments (1/10/22)	33,000	Purchase of medicines	1,35,000
Income from house rent	48,000	Lions Club membership fees	3,000
Salary from Medical		Medical Association membership	
College	1,02,000	fees	6,000
Royalty (Net)	27,000	Insurance	39,000
Profit in card games	60,000	Municipal Taxes	12,000
Interest	69,000	Staff Salary	8,40,000
Gift from patients	1,11,000	Payment to Bank loan (Instalment	
		₹ 36,000 + Interest)	39,000
		Travelling Expense	60,000
		Balance C/F	4,50,000
	30,00,000		30,00,000

Additional information :

- (1) The opening balance of surgical equipment was ₹ 1,80,000, depreciation allowed is 40%.

- (2) Loss in Cards games amounted to ₹ 4,646.
- (3) Municipal Tax of ₹ 4,500 of let-out house is included in above municipal taxes.
- (4) Travelling expenses includes ₹ 18,000 for family pilgrimage and ₹ 42,000 towards his exclusive business promotion tour.
- (5) The opening WDV of motor was ₹ 6,00,000. Depreciation allowable is 15%. The 1/5th use of motor car is for personal purpose.
- (6) The opening stock and closing stock of medicine is ₹ 1,05,000 and ₹ 30,000 respectively.

Compute his taxable income from business.

4. (A) Explain any three "Deemed owners" of house property under Income-Tax Act. 7

OR

4. (A) Discuss "Income from other sources" in detail. State the main incomes which are included under this head. 7

4. (B) Discuss the terms "Short term capital gains" and "Long term capital gains". 7

OR

4. (B) Pareshkumar has furnished the following particulars of his investments for the year ending on 31st March, 2023 : 7

- (1) ₹ 6,00,000 9% municipal debentures.
- (2) ₹ 6,40,000 7.50% tax-free securities of Indian Govt.
- (3) ₹ 2,00,000 7.50% Port Trust Bonds.
- (4) ₹ 3,60,000 10% tax-free debentures of Vinayak Ltd. (TDS @ 10%).
- (5) ₹ 20,000 6.50% treasury savings deposit certificates.
- (6) ₹ 10,000 9% Preference Shares of a company.
- (7) ₹ 80,000 tax-free debentures of ABC Ltd. listed on recognised stock exchange in India. (TDS @ 10%)

He had taken a loan for purchasing tax-free securities of Indian Govt. and paid interest of ₹ 13,480. He also paid ₹ 6,000 interest on loan for purchasing debentures of Vinayak Ltd. He paid ₹ 520 bank commission for the collection of interest and ₹ 60 for the collection of dividend ₹ 9000.

Compute the taxable income for A.Y 2023-24 under the head of "Income from other sources".

5. Do as directed :

- (1) Every assessee is a person, but every person is not an assessee. (True / False)
- (2) Classify M/s Jivanlal & Sons in context of a person. (An Association of a person / Firm)
- (3) "Residential Status" and "Citizenship" are same from the view point of taxation. (True / False)
- (4) Maximum exemption for Leave encashment is ₹ _____. (3,00,000 / 5,00,000)
- (5) Interest credited to employees P.F. A/c is exempted up to _____. (9.5% / 12%)
- (6) Formula to calculate NAV _____
 - (a) GAV - Municipal Taxes paid by landlord
 - (b) GAV - Standard Deductions
 - (c) GAV - Interest on Loan
 - (d) GAV - Municipal Taxes paid by tenant
- (7) _____ method of reducing tax is recognized under Income Tax Act.

(a) Tax Evasion	(b) Tax Avoidance
(c) Both (a) & (b)	(d) Tax Planning
- (8) Personal incomes or personal expenditures are _____ at the time of calculating taxable income from business. (allowed / not allowed)

- (9) _____ is not an admissible expense in relation to Income from business and profession.
- (a) Office rent Paid (b) Salary paid to staff
(c) Life Insurance Premium (d) Municipal tax on business premises
- (10) Any amount transferred to reserve is totally disallowed for the calculation of Income from Business and profession. (True / False)
- (11) Any gift received by an individual from his "relative" (as prescribed in the Income Tax Act) is fully _____. (Taxable / Exempted)
- (12) Dividend declared by a foreign company and received by an ordinary resident in India is fully _____. (taxable / tax free)
- (13) Maximum limit of gratuity received by an employee covered under the "Gratuity Act - 1972". (₹ 20,00,000 / ₹ 30,00,000)
- (14) G.S.T. is _____ tax. (direct / indirect)
- _____