

Seat No. : 4374

NF-118

December-2024

B.B.A., Sem.-V

CC-306 : Direct Tax

Time : 2:30 Hours]

[Max. Marks : 70

Instruction : Show necessary working notes.

1. Write Short Notes on : 14
- (1) Assessment Year and Previous Year
 - (2) Casual Income
 - (3) Person

OR

1. (A) Arjun stayed in India for the period mentioned below after his first arrival. Determine his residential status for the Assessment Year 2024-25. 7

Previous Year	No. of days stayed in India
2018-19	180
2019-20	190
2020-21	200
2021-22	250
2022-23	210
2023-24	90

(B) Following are the income details of Chirag Modi during previous year 2023-24 : 7

		(₹)
(1)	Income from agriculture in Nepal, received there but later remitted to India	4,80,000
(2)	Interest from property in England received in India	3,00,000
(3)	Interest on FD with Indian Company but received outside India	50,000
(4)	Past profits from business in Japan brought to India in July, 2022	25,000
(5)	Pension from a former employer in India but received in London	80,000
(6)	Profit from business in Japan (the business is controlled from Head Office situated at Mumbai)	10,00,000
(7)	Profit on sale of a house property in India but received in Germany	1,00,000

Compute total gross income of Chirag Modi in the following circumstances:

- If he is resident and ordinarily resident.
- If he is resident but not ordinarily resident.
- If he is a non-resident.

2. Compute the salary income of a specified employee, Rahul for the previous year 2023-24 relevant to A.Y. 2024-25 from the following data made available to you : 14

- Basic salary : He joined on 1-7-2019 in the grade 40,000-4,000-52,000-10,000-1,12,000. The increment falling due on 1st July every year.
- Dearness Allowance ₹ 3,40,800.
- Bonus and Commission ₹ 64,000.

- (4) Entertainment Allowance ₹ 4,000 p.m.
- (5) Children Education Allowance ₹ 2,400 p.m. (for one child) •
- (6) The employer has provided him a flat (the taxable value of which is determined as per the rules) is ₹ 1,72,060.
- (7) The employer has provided car with driver, all expenses are borne by the employer. The car is for office and private use and has 1.8 cubic capacity engine.
- (8) The employer contributes @ 14% of basic pay towards his recognized Provident Fund.
- (9) Interest credited to his RPF a/c @ 9.5% is ₹ 41,800.
- (10) Professional Tax ₹ 2,400 (Annual)
- (11) Recovery of excess commission paid during the year ₹ 8,000.

OR

2. (A) Shri Ram is employed in a Limited Company at Mumbai. Following are the particulars of his salary for the financial year 2023-24 :

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Basic Salary ₹ 30,000 per month, Dearness Allowance ₹ 10,000 per month, Bonus ₹ 24,000, Entertainment Allowance ₹ 16,000 per year, Furnished accommodation for which the company has charged total ₹ 12,334. Original cost of furniture ₹ 3,38,000 and rent payable by the company for the said house is ₹ 18,000 per month.

Determine the value of residential accommodation for the purpose of inclusion in salary income of assessment year 2024-25.

- (B) Write a Short note on Gratuity.

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3. Mr. Pratik Gandhi Profit & Loss a/c for the year ended on 31-3-2024 is given below : 14

Particulars	(₹)	Particulars	(₹)
To Opening Stock	14,52,000	By Sales	72,00,000
To Purchases	36,00,000	By Closing Stock	18,90,000
To Salary	10,80,000	By Bad debt recovered	30,000
To Depreciation on machinery	1,80,000	By interest on Govt. Security	18,000
To Interest on capital	30,000		
To Income Tax	2,04,000		
To Bad debt reserve	15,000		
To Advertisement expenses	33,000		
To Donations	27,000		
To Motor car Expenses	27,000		
To Travelling Expenses	30,000		
To Net Profit	24,60,000		
	91,38,000		91,38,000

Additional Informations :

- ✓(1) Opening stock is valued at 10% more than the cost and closing stock is valued at 5% more than the cost.
- ✓(2) 40% of Bad debt recovered was disallowed in the past.
- ✓(3) The approved depreciation on machinery is ₹ 2,10,000.
- ✓(4) Travelling expenses includes ₹ 18,000 for family pilgrimage and ₹ 12,000 towards business promotion tour.
- ✓(5) Motor car is used equally for office and personal purposes.
- ✓(6) A business income of ₹ 75,000 is not recorded in the above profit and loss a/c.

Compute the taxable income from Business & Profession for the A.Y. 2024-2025.

OR

3. (A) Shri Kunal Desai of Delhi a well known advocate is maintaining his accounts on cash basis. He furnishes the following information for the year ended 31-3-2024 : 7

Dr. **Receipts and Payments a/c** Cr.

Receipts	(₹)	Payments	(₹)
To balance b/d	2,00,000	By Purchase of office equipments	35,00,000
To Professional Fees	60,00,000	By Motor car expenses	3,00,000
To Gifts from clients	5,00,000	By Office expenses	7,00,000
To Loan from clients	3,00,000	By Staff salaries	4,00,000
		By income tax paid	5,00,000
		By interest on loan	5,00,000
		By refund of loan	2,00,000
		By contribution to Provident fund	1,00,000
		By balance c/f	8,00,000
	70,00,000		70,00,000

Additional Informations :

- ✓(1) Allowable Depreciation on Motor car is ₹ 50,000.
- ✓(2) 20% of Motorcar expense is for personal use.
- ✓(3) Outstanding fees amount to ₹ 3,00,000.
- ✓(4) Calculate 10 % depreciation on office equipments.

Compute taxable income of Kunal Desai under the head Profits and Gains of Business or Profession for the assessment year 2024-25.

- (B) Write Short Notes on : Block of Assets. 7

4. From the following information given below, calculate the taxable income from other sources of Mr. Hemang for the P.Y. 2023-24 :

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		(₹)
(1)	Gross interest income on bank deposits	62,500
(2)	Dividend received on equity shares of Indian Company (T.D.S. 10%)	58,500
(3)	Dividend received on Preference shares of Indian Company (T.D.S. 10%)	72,000
(4)	Composite rent of factory Building and Machinery	1,95,000
(5)	Ground rent income	15,000
(6)	Sitting fee for attending meeting of Board of Directors	1,50,000
(7)	Rent received from sub tenant	36,000
(8)	Income from unexplained sources	2,50,000
(9)	Interest received on 10% tax free debentures of X Ltd. (T.D.S. 10%)	45,000
(10)	Net prize money (after deduction of tax @ 30%) received on lottery won	3,50,000
(11)	Interest on 10% Capital Investment Bonds	35,000

Shri Hemang claims following deductions in respect of above incomes :

- (1) Interest paid on loan taken to make investment in preference shares ₹ 30,000.
- (2) Interest on loan taken to make investment in debentures of X Ltd. ₹ 12,500.
- (3) Expense (cost) of lottery ticket bought ₹ 10,500.

OR

4. (A) Write Short Note on : Gross Annual Value.
- (B) Explain types of capital gain.

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5. Do as directed : (Any Seven)

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- (1) Agricultural Income is exempted from tax. (True/False)
- (2) Define : Direct Tax
- (3) A person by whom any tax is payable under Income Tax Act 1961 is called _____.
- (a) Assessee (b) Individual
(c) HUF (d) None of these
- (4) Hostel expenditure allowance is exempted to _____ per month per child for maximum 2 children. (₹ 100 / ₹ 300)
- (5) Free meals provided during working hours is _____.
- (a) Exempted up to ₹ 50 per meal
(b) Exempted up to ₹ 100 per meal
(c) Fully Taxable
(d) Fully exempted
- (6) The depreciation allowance is charged of written down value on intangible assets at the rate of _____.
- (a) 25% (b) 15%
(c) 20% (d) 30%
- (7) _____% standard deduction is allowed from Net Annual Value of income from House Property.
- (a) 15 (b) 30
(c) 20 (d) 10
- (8) Lottery income is taxable under the head of Income from other Sources.
(True / False)

- (9) Donation is an _____ expense. (admissible / inadmissible)
- (10) Carried forward long term capital loss can be set off against long term capital profits only. (True/ False)
- (11) Expand the term: BABC.
- (12) Unabsorbed depreciation is allowed to be carried forward for a maximum period of 8 years. (True/False)
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