

**PARUL UNIVERSITY**  
**FACULTY OF MANAGEMENT**  
**BBA Winter 2022-23 Examination**

**Semester: 5**  
**Subject Code: 06101302**  
**Subject Name: Direct Tax**

**Date: 26/09/2022**  
**Time: 10:30 am to 01:00 pm**  
**Total Marks: 60**

**Instructions**

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

**Q.1 Do as Directed.****A). Multiple choice type questions/Fill in the blanks. (Each of 1 mark)****(05)**

1. Gross Tax Liability is calculated on
 

a) Gross Total Income	c) Income
b) Net Taxable Income	d) Whole
2. The term 'person' includes .....
 

a) HUF	c) BOI
b) AOP	d) All of the above
3. .... are not taxable
 

a) Losses	c) Illegal Income
b) Personal Gifts	d) Awards
4. Interest received on compensation or on enhanced compensation shall be taxable under the head .....
 

a) Income from other sources	c) Casual Income
b) Capital Gains	d) None of the above
5. Income from transfer of capital asset is termed as .....
 

a) Capital gain	c) Net profit
b) Capital profit	d) None of the above

**B). Define the following. (Each of 1 mark)****(05)**

1. Tax deducted at source
2. Cost of Acquisition
3. Business and Profession
4. Resident and ordinarily resident
5. Ex-gratia payment

**C). Direct questions. (Each of 1 mark)****(05)**

1. What do mean by Profits in lieu of salary
2. What is Long term capital gain?
3. Describe 'Association of Persons'
4. What is 'self –occupied house property'?
5. Briefly explain Special Allowance

**Q.2 Answer the following questions.**

**A).** What are various heads of income? Discuss the importance of this classification of heads of income.

**(07)**

**B). (i)** Suzan was born on 12<sup>th</sup> March 1982 in India and she later on took British citizenship. Both of her parents were born in India in 1957. Her grandfather was born in Karachi in March, 1947 but her grandfather was born in England in 1949. During the previous year 2018-19, she earns a substantial income from Indian sources. Suzan's stay in India during previous year 2018-19 is 180 days.

**(08)**

What would be his residential status for the assessment year 2019-20

- a) Resident and Ordinarily Resident
- b) Resident but not Ordinarily Resident
- c) Non Resident

(ii) Mr. Bharat was born on 11<sup>th</sup> August, 1989 in India and took U.S. citizenship in 2002. On 01/01/2018, he came to India for marriage and went back on 30/06/2018 to U.S What would be his residential status for the assessment year 2019-20.

What would be his residential status for the assessment year 2019-20

- (a) Resident and Ordinarily Resident
- (b) Resident but not Ordinarily Resident
- (c) Non Resident

**Q.3 Answer the following questions.**

**A).** Discuss briefly the various expenses and allowances that are deductible under the head “Income from House Property”. **(07)**

**B).** From the following particulars calculate business income of Mr. Ram. **(08)**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Salary	90,000	Gross Profit	3,50,000
Rent	20,000	Dividends	4,000
Service charge	4,000	Recovery of Bad debts previously allowed	4,400
Legal Expense	5,000	Interest on Post office saving bank	1,200
Provision for Income Tax	6,000		
Depreciation	12,000		
Expenses on acquiring patents rights	56,000		
Office Expense	42,000		
Contribution to RPF	12,000		
Bad debts	4,500		
Donation	2,500		
Net Profit	1,05,600		
	<b>3,59,600</b>		<b>3,59,600</b>

Additional Information:

- 1) Assessee has spent Rs.2,000 legal expenses which are for his personal criminal case.
- 2) Amount of annual depreciation on assets is Rs.16,900 (except patent rights)
- 3) Contribution to RPF Rs.2,000 is still owing.

**Q.4 Attempt any two questions. (Each of 7.5 mark)** **(15)**

1. Professor Sunil was working with RV college of Commerce. He received the following amounts during the period of 6 months ending on 30/09/2018.

- (i) Salary at Rs.10,500 p.m. (2) Arrears of salary Rs.8,500/-
- (ii) He left the RV college of commerce and joined immediately VBM’s College of commerce, Thane w.e.f. 01/10/2018, During the period ending on 31/03/2019, he received as follows:
  - a) Salary @ Rs.11,350/-p.m.
  - b) Wardenship Allowance @ Rs.1,400 p.m.
  - c) House Rent Allowance Rs.4,800 for 6 months (Exempt) Rs.2,400).
  - d) Examiner ship fees Rs.3,600/-

He further informs you that during the year he received Rs.3,000 from Mumbai University on account of examiner ship fees. He also received from M/s Guru Prakashan, Kalyan Rs.28,000/- being royalty for writing a book on, "Auditing & Accounting Practices." Employers deducted Profession Tax at source amounting Rs.2,200/- in all during the previous year.

You are required to compute the taxable income under the head, "Salaries" for the assessment year 2019-20.

2. Explain the term "Capital Gains" under Section 45 (i) of the Income –tax Act, 1961 and give two examples of exempted capital gains.
3. Mr. Amar's investments during the year ended 31<sup>st</sup> March 2018 considered the following.
  - a) Rs.27,500 12% government securities.
  - b) Rs.30,000 10% Mumbai Municipal Bonds
  - c) Rs.30,000 10% Mundra Port Trust Bonds
  - d) Rs.40,000 10% securities issued by foreign Government
  - e) Rs.10,000 7years Post office N.S.C.
  - f) 7% government Bonds Rs.48,000
  - g) 7% National Plan Certificate Rs.15,000

He paid Rs.60 as commission for collecting the interest taxable under the head interest taxable under the head interest on securities and Rs.1,200 as interest on loan which he had taken for the purpose of purchasing the Goa port Trust Bonds.

4. Explain briefly the exemption available under
  - (a) Gratuity
  - (b) Pension
  - (c) Allowances
  - (d) Perquisites