

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
BBA Winter 2019-20 Examination

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

Date: 21/11/2019
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. Income Tax Act extends to
 - a) Whole of India
 - b) Whole of India except J & K
 - c) India and Sri Lanka
 - d) None of These
2. Previous year can be of ____ 12 months.
 - a) More than
 - b) Less Than
 - c) Only
 - d) Any
3. Residential status is to be determined for:
 - a) Previous Year
 - b) Assessment Year
 - c) Accounting Year
 - d) None Of These
4. Special individuals would become non-resident if their stay in India during previous year is _____
 - a) Equal to 182 days
 - b) Less than 182 days
 - c) More than 182 days
 - d) All of the above
5. Dividend is exempted in case:
 - a) It is paid by Indian Company
 - b) It is paid by foreign company
 - c) It is paid by multinational co.
 - d) It is paid by joint venture unit.

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

1. Incidence of Tax
2. Assessment year
3. Annual value in house property
4. Surcharge
5. Capital Assets

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

1. What do you mean by Gratuity?
2. What is the residential status for HUF?
3. Give two examples of each disallowed incomes and expenses in case of business of a person.
4. What do you mean by the term "Gross up"?
5. What do you mean by cost of acquisition in capital gain?

Q.2. Answer the following questions.

A) Mr. Parth Yadav given following particular of his income of the financial year ending 31st March 2019. (07)

1. Received director's fees Rs. 50,000 on 19th Nov. 2018.
2. Income from transfer of share Rs. 5,000.
3. Received Rs. 12,000 on 10-12-2018 in connection with winning from horse race.
4. Received Rs. 60,000 on 9th Nov. 2018 in connection with winning from lotteries.
5. Received a dividend of Rs. 10,000 from Assam Tea Company Ltd. In Aug. 2018. (half of this amount is agricultural income)
6. Dividend income from UTI in Sep. 2018 is Rs. 3,000 (Gross)
7. Mr. Yadav Could not satisfies the assessment office about a income Rs. 5,000.
8. Dividend received from foreign co. Rs. 6000(tax deducted there Rs. 500)
9. Received interest Rs. 1500 on amount deposited in a co-operative bank.
10. Income from agriculture outside India Rs. 4,000.

Compute his income from other sources for the AY 2019-20.

B) Mr. Avinash is a Sales Manager employed by Panasonic Ltd. At Bangalore. The details of his salary and other emoluments received during the previous year 2018-19 are as under: (08)

1. Basic salary Rs. 2,10,000 Per annum.
2. Dearness allowance (treated as a part of salary for retirement benefits Rs. 29,000 PA)
3. Commission on sales Rs. 1,75,000.
4. House rent allowance Rs. 60,000 P.A.(actual rent paid Rs. 6,000 P.M.)
5. Transportation allowances Rs. 24,000 P.A.
6. Tour allowances Rs. 1,200 each for 5 trip (Actual amount spent on each trip Rs. 1,000)
7. Tour daily allowances: Rs. 250 per day for 60 days in the year (actual amount spent Rs. 9,600 in total.)
8. Uniform allowances Rs. 900 P.M. (for purchase and maintenance), actual amount spent for that purpose at an average rate of Rs. 750 P.M.
9. Research assistance allowances Rs. 600 P.M. (spent Rs. 9,000 during the year)
10. Children education allowances Rs. 9,000 (for 2 Children)
11. Entertainment allowances Rs. 6,000 p.a.

Compute his taxable salary for the assessment year 2019-20.

Q.3. Answer the following questions.

A) Write a note on following: (07)

1. Short-term Capital Gain
2. Long Term Capital gain
3. Cost of Improvement.
4. Cost of Inflation Index.

B) Mr. Paresh Investment during the year ended 31-03-2019. Consisting of the following.. (08)

1. Rs. 15,000, 10% Municipal bond
2. Rs. 27,000, 9% Government securities.
3. Rs. 10,000, 9% Mumbai Trust Bond
4. Rs. 8,000, 12% Debenture of Mahindra Co.
5. Rs. 32,000, 10% Tax-free Debenture of a Sagar Co.

The interest on these debentures is paid on 30th June and 31st December.

Mr. Paresh Purchased on 16% Chennai Port Trust Bond of Rs. 20,000 on 1st Nov. 2018. On which due date of interest is 1st June and 1st December.

He paid Rs. 200 of Bank Communication in connection with collection of interest.

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

1. "The residential status has to be determined first to determine the scope of total income of an Assesses"- Explain.
2. Dr. Manish is medical practitioner. He gives you the following summary of cash book for the year ended on 31st march 2019.

Receipt	Amount	Payments	Amount
To bal b/d.	10,000	By rent of clinic	18,000
To consultation fees	60,000	By purchased of medicine	38,000
To Visiting fees	45,000	By staff salaries	24,000
To gifts and presents	8,000	By surgical equipments	40,000
To sale of medicine	42,000	By Motor car exp.	8,000
To dividend from UTI	6,000	By Purchase of Motor Car	1,40,000
To Life Insurance maturity	1,00,000	By house exp.	7,000
To interest from national		By bal c/d	2,000
To defence bond	6,000		
	2,77,000		2,77,000

1. 50% of Motor car Expenses incurred in connection with profession. Car was purchased in Dec. 2018.
 2. House hold Expenses includes Rs. 6,800 for Life Insurance premium.
 3. Gift & Presents include Rs. 3,000 from relatives.
 4. Closing stock of medicines Rs. 12,000 and on 1st April, 2018 opening stock was Rs. 4,000.
3. Explain in brief the provisions of Income-tax Act, 1961, for computing the "Income from House Property".

4. The following is the P&L A/c of Mr. Karan for the year ended on 31st March 2019. Compute his taxable income from Business for that year.

Particular	Amount	Particular	Amount
Op. Stock	15,000	Sales	2,80,000
Purchase	1,40,000	Cl. Stock	2,00,000
Wages	20,000	Gift from father	10,000
Rent	46,000	Sales of car	17,000
Repairs of car	3,000	Income tax refund	3,000
Medical Exp.	3,000		
General Exp.	10,000		
Depreciation on Car	4,000		
Profit for the Year	89,000		
	3,30,000		3,30,000

Following further information are given

- Mr. Karan carries on his Business from rented premises half of which is used as his residence.
- Mr. Karan bought a car during the year for Rs. 20,000. He Charged 20% depreciation on the value of the car.
The car was sold during the year for Rs. 17,000. The use of the car was 3/4th for the business and 1/4th for personal use.
- Medical expense was incurred during the sickness of Mr. Karan for this treatment.
- Wages include Rs. 250 per month on account of Mr. Karan's driver for 10 month.