

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
BBA Winter –Examination 2018-19

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

Date: 23/10/2018
Time: 2:00 pm to 4:30pm
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. Rent received from open plot of land is taxable _____ income.
 - a) Other sources
 - b) Business profession
 - c) House property
 - d) None
2. Out of the following which asset is not considered as capital asset?
 - a) Stock of goods
 - b) Lease hold rights
 - c) Copyright
 - d) None
3. From the following expenses, which are not allowable under the head income of Business profession?
 - a) Insurance premium
 - b) Depreciation
 - c) None
 - d) Life insurance premium
4. According to Income Tax Act, the tax free limit of taxable gratuity is _____.
 - a) Rs. 350,000
 - b) Rs. 300,000
 - c) Rs. 500,000
 - d) Rs. 10,00,000
5. The standard deduction at _____ is deducted on net annual value of house property let out
 - a) 5%
 - b) 10%
 - c) 15%
 - d) 30%

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

1. Capital asset
2. Tax Incidence
3. Business
4. Cost of Improvement
5. Casual Income

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

1. Which is the basic requirement of Incidence of tax depends upon the assessee?
2. What you meant by “Direct Tax” and “Indirect Tax”
3. Give four examples of “Income Exempted U/s 10”.
4. What is GAV?
5. What is “Block of Assets”

Q.2 Attempt the following question

A). Mr. Bhagirath is a foreign citizen, though employed in a foreign country, has frequently visited India for company's work as stated below **(07)**

P.Y. No. of days stayed in India

2011-12	231
2012-13	192
2014-15	NIL
2015-16	360
2016-17	68

Determine his residential status for the A.Y. 2017-18. Also Find out his total gross income for the A.Y. 2017-18 from the following information.

1. Interest from property in Japan Rs. 2,00,000
2. Interest on F.D. with Indian company received outside India Rs. 18,000
3. Profit from a business in London. Business is managed from India (40% of the profit is received outside India) Rs. 60,000
4. Pension from a former Indian employer received in U.S.A. Rs. 65,000

B). Write short notes: (i) 'Deductions allowed u/s 24' of Income from House-property. (ii) Types of capital gain under the head 'Income from capital gains'. **(08)**

Q.3 Attempt the following question

A). Mr. Bhargav leading financial planner, who maintaining books of account on cash basis furnishes the following particulars of Receipt and Payment for the assessment year 2018-19. **(07)**

Dr. Receipt and Payment Account for the year ending March 31 2018			Cr.
Receipt	Rs.	Payments	Rs.
Balance b/d	24,800	Purchase of typewriter	12,000
Fee from clients :		Car expenses	36,000
2016-17	2,23,000	Office expenses	80,000
2017-18	14,61,000	Salary to staff :	
2018-19	2,26,000	2016-17	64,000
Gift from clients	48,000	2017-18	22,000
Interest free loan	4,76,000	Expenses on personal HP	
Winning from lottery	92,000	Muni. tax	4,000
Interest from UTI received	24,000	Repairs	2,000
Rent of a let-out property	1,20,000	Insurance	6,000
Share of profit from a firm	30,000	Car purchased on Dec. 10, 2017	4,80,000
		Repairs of office	24,000
		Interest on loan	20,000
		Income-tax payment	4,000
		Insurance premium	4,16,000
		Balance c/d	15,54,800
	27,24,800		27,24,800

Note: Car is partly used for official purpose (40%) and partly for private purpose (60%).

Determine the taxable income for the Assessment year 2018-19.

- B).** Mr. A is an employee in ABC company. Find out taxable salary income for previous year 2017-18 from the following information : **(08)**

Basic Salary	Rs. 30,000 P. M.
Dearness Allowance (DA is considered for retirement benefit calculations)	Rs. 5,000 P. M.
Entertainment allowance	Rs. 2,000 P. M.
Commission	Rs. 5,000 P. M.
Children education allowance for three children	Rs. 500 p.m. per child
Uniform allowance to the extent saved	Rs. 5,000 per annum
Salary of sweeper paid by the employer for personal use	Rs. 1,000 P. M.
Transport Allowance	Rs. 8,000 per annum
Professional tax is paid by employee	Rs.200 per month
Interest credited to recognized provident fund @ 13% p.a. is	Rs. 39,000

Other Information:

1. Company has given unfurnished accommodation to Mr. A which is owned by the company in a city having population of 22 lakhs
2. Company has also provided motor car, used for both purpose. All the expenses of car are paid by the employer. (including driver) 2.4 litres cubic capacity

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

1. Give the rules for determining the value of: 'Perquisite of Rent-free Accommodation provided by the employer.'
2. What is STCG & LTCG? Explain Income tax Act Section 54 B and 54 F
3. Write short notes on : (i) Person (ii) Previous year with exceptions (iii) Agricultural income
4. Mr. Thakur's profit & loss a/c for the year ended on 31-3-2017 is given below :

Particulars	Rs.	Particulars	Rs.
To Opening stock	9,68,000	By Sales	40,00,000
To Purchase	22,00,000	By Bad-debt recovered	20,000
To Salary	3,00,000	By rent Received	36,000
To Depreciation on machine	75,000	By Interest on Govt. security	7,000
To Income tax	60,000	By Closing stock	12,60,000
To Stationery	5,000		
To Advertisement expenses	18,000		
To Donations	8,000		
To BDR	5,000		
To Travelling exp.	12,000		
To Motor exp.	9,000		
To Interest on capital	5,000		
To Insurance premium	10,000		
To Net profit	16,48,000		
	53,23,000		53,23,000

Additional Information :

- (1) 40% of Bad-debt recovered was disallowed in the past.
 - (2) Motor car is used equally for office & personal purposes.
 - (3) The approved depreciation on machinery is Rs. 80,000.
 - (4) Insurance premium includes Rs. 6,000 being med claim insurance (self) and Rs. 4,000 being insurance premium for shop.
 - (5) Following transactions were not recorded in the above profit & loss a/c :Rs. 5,000,
Discount received, Audit fee paid Rs. 4,000, Household expense Rs. 50,000
- Compute the taxable income from business & profession for the A.Y. 2017-18.