PARUL UNIVERSITY
FACULTY OF MANAGEMENT
BBA, Winter 2017 - 18 Examination

Semester: 5   Date: 16/12/2017
Subject Code: 06101302   Time:02.:00pm to 04:30pm
Subject Name: Direct Tax   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. The amount exempt under Income Tax Act for Children Education Allowance is _____
    a) 200   c) 300
    b) 100   d) 400
2. Mr. Karan Johar is having a taxable income of 10,00,000, So the tax amount will be
    a) 25,000   c) 75,000
    b) 1,25,000   d) 1,50,000
3. The Income Tax act is governed by _____ year.
    a) 1961   c) 1956
    b) 1964   d) 1963
4. The assessment year ends on _____ of every year
    a) 31st May   c) 15th November
    b) 31st March   d) 30th December
5. Which of the following is an Income from Other Source
    a) Salary   c) Profits
    b) Lottery   d) Gains

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

1. Full form of :- HRA
2. Foreign Income
3. Cost of Improvement
4. Capital Assets
5. Full form of :- TDS

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

1. The final result of a Profession in accounting term is said as?
2. Name the types of Capital Assets?
3. Define Assese
4. What will be the Depreciation as per SLM method if the cost of Asset is 8,57,000 and rate is 15%.
5. What will be the previous year and Assessment year if the Income is earned on 27/10/2015?

Q.2 Answer the following questions.

A). Mr. X is employed in A Ltd. getting basic pay of Rs.20, 000 per month and dearness allowance   **(07)**
         of Rs.7, 000 per month (half of the dearness allowance forms part of salary for the purpose of
         retirement benefits). The employer has paid bonus @Rs.500 per month, Commission @1% on
         the sales turnover of Rs.20 lakhs, and house rent allowance of Rs.6, 000 per month. X has paid
         rent of Rs.7,000 per month and was posted at Agra.
         Compute his gross salary for the assessment year 2016-17

B). Define Capital Assets. And also explain types of capital assets with examples.   **(08)**

Q.3 Answer the following questions.

A). From the following particulars, compute gross salary of Mr X for the assessment year 2016-17. **(08)**
He is employed in textile industry in Mumbai at a monthly salary of Rs.4000. He is entitled to commission of 1% on sales achieved by him, which were Rs.10 lakh for the year.

In addition, he received the following allowances from the employer during the previous year:
1. Dearness Allowance Rs.2000 per month which is granted under terms of employment and counted for retirement benefits.
2. Bonus Rs.32000
3. House Rent Allowance Rs.1000 per month (Rent paid for house in Mumbai Rs.1200 per month)
4. Entertainment Allowance Rs.1000 per month
5. Children Education Allowance Rs.500 per month
6. Transport Allowance Rs.1000 per month
7. Medical Allowance Rs.500 per month
8. Servant Allowance Rs.200 per month

B). Explain Allowances and Perquisites and also differentiate between them. **(07)**

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

1. Mrs. X, a company employee gets annually Rs.1,20,000 as basic pay, Rs.24,000 as Commission, Rs.10,000 as Bonus, Rs.6000 as uniform allowance (60% utilized for uniform), Rs.3,600 as education allowance and Rs.12,000 as transport allowance. Her employer has paid income tax of Rs.6000 and professional tax of Rs.2000 on her behalf. A rent free unfurnished flat is provided in a place where population is a) more than 4 lakhs or b) less than 4 lakhs. Determine the taxable value of rent free flat in both the case.

2. Name any ten incomes, which are included in the head of income from other sources.

3. Calculate the depreciation on following assets considering the taxation rules :-

Name of Asset	Opening Balance	Addition during year	Sales during the year	Rate of Depreciation
Land	2,50,000	1,00,000(20/10/16)	-------	20%
Building	3,00,000	---------	1,25,000(11/12/16)	15%
Motor Car	50,000	----------	----------	30%
Computer	1,25,000	----------	----------	60%

4. Define Gratuity and also explain the rules of taxability of it.