

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
BBA Summer 2018-19 Examination

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

Dates: 03/05/2019
Times: 02:00 pm to 4:30 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. _____ of self-occupied property is Nil.

a) GAV	b) NAV
c) NPV	d) None of Above
2. Medical allowance received is fully _____ allowance

a) Exempted	b) Taxable
c) Secured	d) None of Above
3. Long term capital asset means an asset which is held by an assessee for more than _____ months

a) 24	b) 12
c) 36	d) 60
4. Income from sub-letting a house by a tenant is taxable under _____

a) Income from House property	b) Income from Capital Gain
c) Income from small business	d) Income from other Source
5. _____ is an inadmissible expense under the head Income from profits & gains of business & profession

a) Capital Loss	b) Loss on Investment
c) Loss by Fire	d) Loss of unclaimed insurance

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

1. Perquisite
2. Block of Assets
3. Person
4. Direct and Indirect taxes
5. Dividend

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

1. Mention any four incomes exempted from tax u/s 10.
2. How much NAV can be claimed as standard deduction under the head Income from house property?
3. What is Capital Gain?
4. State any four items fall under income category "Income from Other Source".
5. Explain tax exemption rule of "Commutated Pension"

Q.2 Answer the following questions.**A). Write short note on "Types of capital gain under the head 'Income from capital' gains'. (07)**

- B). Mr. Brijmohan came to India for the first time on 11-11-2005 He stayed in India in earlier previous year as under : (08)

Previous year	Days
2005-06	80
2006-07	70
2007-08	60
2008-09	200
2009-10	130
2010-11	-

During previous year 2011-2012 he was present in India from 1-4-2011 to 31-5-2011. From above information determine residential status of Mr. Brijmohan for A. Y. 2012-13.

Q.3 Answer the following questions.

- A). Discuss the provisions of Income Tax Act, 1961 relating to taxability of Gratuity and Pension (07)
- B). Following is the Profit & Loss A/c. of Mr. A for the year ending 31-3-2017 (08)

Debit	Amount Rs.	Credit	Amount Rs.
To Salary	3,20,000	By Gross profit	10,85,000
To Office Expenses	48,000	By Bad Debt recovered	15,000
To Depreciation	80,000	By Commission	22,000
To Audit Fees	25,000	By Sundry Receipts	13,000
To Amount transferred to special reserve	90,000	By Income from house property	30,000
To Repairs	48,000		
To Expense on Diwali festival	10,000		
To Contribution to unapproved gratuity fund	18,000		
To Interest Payable	70,000		
To Provision for income-tax	1,10,000		
To Legal Expense	10,000		
To Travelling Expense	11,000		
To Bad-Debt	15,000		
To Net Profit	3,10,000		
	11,65,000		11,65,000

Other Information :

- (1) Admissible depreciation as per Income Tax Law is Rs. 1, 00,000.
 - (2) Repairs include Rs. 18,000 being expenditure on repairs of self-residential house.
 - (3) Interest payable includes Rs. 5,000 paid as penalty for late payment.
 - (4) Out of bad-debt recovered only Rs. 10,000 was allowed as deduction earlier.
 - (5) Discount received of Rs. 22,000 is not shown in the above Profit & Loss A/c.
 - (6) Travelling expenses include Rs. 5,000 for personal trip to pilgrimage.
- From the information given above, calculate the business income of Mr. A for the A.Y. 2017-18.

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

1. Explain provision on Income Tax Act Section 54F and 54H

2. Mr. Avinas (a specified employee) is working in a X Ltd. Details regarding his income for the P.Y. ending 31-3-2017 are as under :
- 1 Basic Salary: Rs. 40,000 (Rs.2, 000 annual increment every year on 1st October.)
 - 2 Dearness allowance : 40% of Basic Salary (50% of D.A. is considered for retirement benefits)
 - 3 HRA Rs. 3,000 p.m. (He has to pay Rs. 7,000 p.m. for house rent)
 - 4 Educational allowance (including hostel allowance) Rs. 1,800 p.m. (He has 2 children of whom only one child is studying in hostel).
 - 5 The company's contribution to his recognized P.F. account is Rs. 7,000 per month.
 - 6 Interest credited to his P.P.F. a/c at 11.5% per annum is Rs. 34,500.
 - 7 He has been provided a car of 1800 CC. by the company. The car is used for personal as well as office purposes. The maintenance & drivers salary expenses are paid by the company.
 - 8 He has paid professional tax of Rs. 2,400.
- Compute his taxable salary income for the A.Y. 2017-18.
3. From the following particulars of income of Mrs. Ramneek, compute his taxable income under the head 'Income from other Sources' for the A.Y. 2017-18 :

Particulars	Rs.
Dividend received on equity shares of Indian company	12,000
Income from unexplained sources	5,000
Net prize money (after deduction of tax at 30%) received on lottery won	35,000
Interest received on Rs. 90,000 10% tax free debentures of A Ltd. (T.D.S. rate 10%)	9,000
Ground rent income	8,000
Loan of Rs. 20,000 at 8% interest is taken for purchase of debenture of A Ltd. on 1-10-2011	
Expenses (cost) of lottery tickets bought	2,500
Interest received on Rs. 10,000, 7% capital investment bonds	2,000

4. Dr. Laxman provides his receipt and payment account for the year ended 31-3-2017 :

Receipt and Payment A/c			
Receipts	Rs.	Payments	Rs.
To Balance b/d	10,000	By Purchase of medicine	14,000
To Operation theatre rent	50,000	By Hospital rent	1,05,000
To Hospital room rent	1,70,000	By Electricity exp.	8,500
To Sale of medicine	20,000	By Telephone exp.	11,500
To Consulting fees	42,500	By Surgical equipment purchased (1-1-2017)	1,00,000
To Interest	7,500	By House hold exp.	18,500
To Dividend	5,000	By Insurance Premium :	
To Gift from patient	17,500	– Hospital	5,000
To Sale of jewellery	27,500	– Residential Bungalow	2,500
		By Staff salaries	55,000
		By Donation	10,000
		By Balance c/f	20,000
	3,50,000		3,50,000

Calculate taxable business income of Dr. Laxman for the A.Y. 2017-2018, if Written down value of surgical equipments as on 1-4-2016 is Rs. 80,000 and the rate of depreciation is 25%.