

Seat No: _____

Enrollment No: _____

PARUL UNIVERSITY
FACULTY OF COMMERCE
B.Com (Hons) Sem I
Mid Term Examination Feb - 2018

Semester : I
Subject Code : 16201103
Subject Name: Direct Taxes

Date: 28/02/2019
Time: 8.00 am to 10.00 am
Total Marks: 40

Instructions:

1. Attempt all questions from each section
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.

Q.1 Do as directed. (08)

1. Under Section 194- I, what is the rate of TDS for Plant & Machinery?

- | | |
|-------------|-----------|
| a) 1,80,000 | b) 10,000 |
| c) 80,000 | d) 50,000 |

2. Land/ Building held for more than _____ months will be treated as a long term Capital Asset.

- | | |
|-------|-------|
| a) 36 | b) 12 |
| c) 24 | d) 6 |

3. Tax is not required to be deducted at source under Section 194 – IA where the total amount of consideration for the transfer of immovable property is less than Rs.

- _____.
- | | |
|-------------|-------------|
| a) 50 lakh. | b) 10 lakh. |
| c) 5 lakh. | d) 1 crore. |

4. Under section 194- IB, tax has to be deducted at source only if the amount of such rent exceeds Rs. _____ for a month or part of a month during the previous year.

- | | |
|-------------|-----------|
| a) 1,80,000 | b) 10,000 |
| c) 80,000 | d) 50,000 |

5. What is the full form of TAN Number?

6. What do you mean by composite rent?

7. Whether TCS @1% on sale of motor vehicle is applicable only to luxury cars? Yes or No?

8. What do you mean by Keyman Insurance Policy?

Q.2 (a) The Actual rent received/receivable should not include any amount of rent which is not capable of being realized subject to some conditions prescribed under Rule 4. What are those conditions? (4) (08)

(b) Discuss the taxability or otherwise of the following in the hands of the recipient under section 56(2)(x) the Income-tax Act, 1961 -

(i) Akhil HUF received ` 75,000 in cash from niece of Akhil (i.e., daughter of Akhil's sister). Akhil is the Karta of the HUF.

(ii) Nitisha, a member of her father's HUF, transferred a house property to the HUF without consideration. The stamp duty value of the house property is ` 9,00,000.

(iii) Mr. Akshat received 100 shares of A Ltd. from his friend as a gift on occasion of his 25th marriage anniversary. The fair market value on that date was ` 100 per share. He also received jewellery worth ` 45,000 (FMV) from his nephew on the same day.

(iv) Kishan HUF gifted a car to son of Karta for achieving good marks in XII board examination. The fair market value of the car is ` 5,25,000. (4)

Q.3 (a) Write down the conditions to be satisfied for allowance of depreciation. (4) (08)

(b) Write a short note on types of Provident Fund. (4)

Q.4 Mr. Mohit is employed with XY Ltd. on a basic salary of ` 10,000 p.m. He is also (08)

entitled to dearness allowance @ 100% of basic salary, 50% of which is included in salary as per terms of employment. The company gives him house rent allowance of ` 6,000 p.m. which was increased to ` 7,000 p.m. with effect from 1.01.2018. He also got an increment of ` 1,000 p.m. in his basic salary with effect from 1.02.2018. Rent paid by him during the previous year 2017-18 is as under:

April and May, 2017 - Nil, as he stayed with his parents

June to October, 2017 - ` 6,000 p.m. for an accommodation in Ghaziabad November,

2017 to March, 2018 - ` 8,000 p.m. for an accommodation in Delhi.

Compute his gross salary for assessment year 2018-19.

Q.5 Answer the following questions. (Any 2 out of 3) (08)

(a) Fill the blank columns in the table. (4)

	Area	Shortest aerial distance from the local limits of a municipality or cantonment board referred to in item (a)	Population according to the last preceding census of which the relevant figures have been published before the first day of the previous year.	Is the land situated in this area a capital asset?
(i)	A	1 km	9,000	
(ii)	B	1.5 km	12,000	
(iii)	C	2 km	11,00,000	
(iv)	D	3 km	80,000	
(v)	E	4 km	3,00,000	
(vi)	F	5 km	12,00,000	
(vii)	G	6 km	8,000	
(viii)	H	7 km	4,00,000	

(b) Mr. A, a dealer in shares, received the following without consideration during the P.Y. 2017-18 from his friend Mr. B, -

(1) Cash gift of ` 75,000 on his anniversary, 15th April, 2017.

(2) Bullion, the fair market value of which was ` 60,000, on his birthday, 19th June, 2017.

(3) A plot of land at Faridabad on 1st July, 2017, the stamp value of which is ` 5 lakh on that date. Mr. B had purchased the land in April, 2008.

Mr. A purchased from his friend Mr. C, who is also a dealer in shares, 1000 shares of X Ltd. @ ` 400 each on 19th June, 2017, the fair market value of which was ` 600 each on that date. Mr. A sold these shares in the course of his business on 23rd June, 2017.

Further, on 1st November, 2017, Mr. A took possession of property (building) booked by him two years back at ` 20 lakh. The stamp duty value of the property as on 1st November, 2017 was ` 32 lakh and on the date of booking was ` 23 lakh. He had paid ` 1 lakh by account payee cheque as down payment on the date of booking. On 1st March, 2018, he sold the plot of land at Faridabad for ` 7 lakh.

Compute the income of Mr. A chargeable under the head “Income from other sources”.

(4)

(c) A Ltd., a domestic company, declared dividend of ` 170 lakh for the year F.Y. 2016-17 and distributed the same on 10.7.2017. Mr. X, holding 10% shares in A Ltd., receives dividend of

` 17 lakh in July, 2017. Mr. Y, holding 5% shares in A Ltd., receives dividend of ` 8.50 lakh. Discuss the tax implications in the hands of Mr. X and Mr. Y, assuming that Mr. X and Mr. Y have not received dividend from any other domestic company during the year. **(4)**