

**NF-101**

December-2015

**B.B.A., Sem.-V****CC-306 : Direct Tax****Time : 3 Hours]****[Max. Marks : 70****Instruction :** Show necessary working notes.

1. (A) Write short notes on : (any **two**) **07**
- (i) Person
  - (ii) Previous year with exceptions
  - (iii) Agricultural income

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

<b>P.Y.</b>	<b>No. of days stayed in India</b>
2010-11	231
2011-12	192
2012-13	NIL
2013-14	360
2014-15	68

Determine his residential status for the A.Y. 2015-16.

**OR**

Shri Kartik furnishes the following particulars of his income earned during the P.Y. relevant to the A.Y. 2015-16.

	<b>₹</b>
(1) Interest from property in Japan	2,00,000
(2) Interest on F.D. with Indian company received outside India	18,000
(3) Profit from a business in London. Business is managed from India (40% of the profit is received outside India)	60,000
(4) Pension from a former Indian employer received in U.S.A.	65,000
(5) Income received outside India during 2013-14 is brought to India during the current year	1,50,000
(6) Dividend on shares of Indian companies, received directly outside India	42,000

Find out his total gross income for the A.Y. 2015-16 :

- (i) If he is an ordinary resident.
- (ii) If he is resident but not ordinary resident.
- (iii) If he is non-resident.

2. Mr. Kiran Kumar (a specified employee) is working as an engineer in a company. Details regarding his income for the P.Y. ending 31-3-2015 are as under : **14**

(1) Basic Salary :

He had joined the company on 1<sup>st</sup> October, 2010 in the grade of ₹ 40,000 – 2,000 – 60,000. He receives his annual increment every year on 1<sup>st</sup> October.

(2) Dearness allowance :

40% of Basic Salary (50% of D.A. is considered for retirement benefits)

(3) HRA ₹ 3,000 p.m. (He has to pay ₹ 7,000 p.m. for house rent)

(4) Entertainment allowance ₹ 1,000 p.m.

(5) Educational allowance (including hostel allowance) ₹ 1,800 p.m. (He has 2 children of whom only one child is studying in hostel).

(6) The company's contribution to his recognized P.F. account is ₹ 7,000 per month.

(7) During the office time, he suffered injury while performing his duties and company has paid his compensation of ₹ 11,000.

(8) Interest credited to his P.P.F. a/c at 11.5% per annum is ₹ 34,500.

(9) He has been provided a car of 1.8 c.c. by the company. The car is used for personal as well as office purposes. The maintenance & drivers salary expenses are paid by the company.

(10) The company has re-imbursed the medical expenses of ₹ 16,000 incurred by him for the treatment of his family members.

(11) The company pays ₹ 4,000 p.m. for telephone facility.

(12) He has paid professional tax of ₹ 2,400.

Compute his taxable salary income for the A.Y. 2015-16.

**OR**

(A) Give the rules for determining the value of :

**07**

'Perquisite of Rent-free Accommodation provided by the employer.'

(B) Shri Prakash retired on 30<sup>th</sup> June, 2014 after completing 29 years and 8 months of service. He received gratuity of ₹ 6,00,000. Other particulars are as under : **07**

Basic salary was ₹ 40,000 per month from 1-4-2014. Increment rate was ₹ 2,000.(from 1<sup>st</sup> April, every year). Dearness Allowance was 40% of basic salary. (50% of which was added to basic salary for the purpose of P.F. contribution).

Compute the taxable Gratuity for the A.Y. 2015-16.

3. Mr. Tarak's profit & loss a/c for the year ended on 31-3-2015 is given below :

14

Particulars	₹	Particulars	₹
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		
	<b>53,23,000</b>		<b>53,23,000</b>

**Additional Information :**

- (1) 40% of Bad-debt recovered was disallowed in the past.
- (2) Opening stock is valued at 10% more than the cost and closing stock is valued at 5% more than the cost.
- (3) Motor car is used equally for office & personal purposes.
- (4) The approved depreciation on machinery is ₹ 80,000.
- (5) Insurance premium includes ₹ 6,000 being medi-claim insurance (self) and ₹ 4,000 being insurance premium for shop.
- (6) Following transactions were not recorded in the above profit & loss a/c :

	₹
→ Discount received	5,000
→ Audit fee paid	4,000
→ Household expense	50,000

Compute the taxable income from business & profession for the A.Y. 2015-16.

**OR**

- (A) The following particulars are furnished by Keshav engineers relating to its accounting year ending on 31-3-2015 :

07

Assets	W.D.V. on 1-4-2014 (₹)	Additions during the year (₹)	Rate of depreciation
Machinery	8,00,000	1,00,000	15%
Furniture	18,500	(On 1-2-2015)	10%
Buildings	5,80,000	–	10%

A part of building costing ₹ 1,00,000 was destroyed by fire on 30<sup>th</sup> July, 2014. The insurance company admitted a claim of ₹ 58,000. The W.D.V. of ₹ 60,000 of this part of building was also included in the W.D.V. (₹ 5,80,000) of buildings. Compute the amount of depreciation allowable for the A.Y. 2015-16.

- (B) Write short notes on :

07

- (i) Six examples of expenses not deductible while computing business income.
- (ii) Recovery of bad-debts previously allowed/not allowed.

4. (A) Write short notes : (any two) 07
- (i) 'Deductions allowed u/s 24' of Income from House-property.
  - (ii) Types of capital gain under the head 'Income from capital gains'.
  - (iii) 'Capital Asset' under the head income from capital gain.

- (B) From the following information about income of Mr. X for A.Y. 2015-16, you are required to calculate his taxable income under the head 'Income from other sources' 07

	₹
(1) Family pension received	60,000
(2) Income from card games (T.D.S. @ 30%)	17,500
(3) Sitting fees received for attending board meetings as director of a company	10,000
(4) Income from unexplained sources	5,000
(5) Interest received on debentures of XYZ Ltd. (T.D.S. @ 10%)	2,700

He claims the following deduction :

Loan of ₹ 10,000 at 12% interest is taken for purchase of debenture of XYZ Ltd. on 1-10-2014, on which interest is outstanding.

**OR**

- (B) Write short notes on : 07
- (i) Fully exempted securities
  - (ii) Grossing up of interest
- Under the head 'Income from other sources'.

5. Do as directed : 14

- (1) Give one example each of Direct and Indirect taxes.
- (2) 'Rent for agricultural land received from tenant or sub-tenant' is an agricultural income.
- (3) Mention any two incomes exempted from tax u/s 10.
- (4) Define : 'Perquisites' under the head salary.
- (5) City compensatory allowance is fully exempt under salary. (True or False)
- (6) Uncommuted pension is fully \_\_\_\_\_ for all types of employees. (taxable / exempt)
- (7) Medical allowance received is fully \_\_\_\_\_ allowance. (taxable / exempt / savings are taxable)
- (8) GAV of self-occupied property is Nil. (True or False)
- (9) \_\_\_\_\_ of NAV can be claimed as standard deduction under the head Income from house property. (10% / 20% / 30%)
- (10) Capital loss is an inadmissible expense under the head Income from profits & gains of business & profession. (True or False)
- (11) Define 'Block of assets' for the purpose of depreciation.
- (12) Long term capital asset means an asset which is held by an assessee for more than \_\_\_\_\_ months. (24 / 36 / 48)
- (13) Income from sub-letting a house by a tenant is taxable under Income from house property. (True or False)
- (14) Interest on 7% capital investment bonds is an wholly tax-free security. (True or False)