

Seat No. : _____

AQ-115
April-2022
M.B.A., Sem.-IV
Direct Taxes-II

Time : 2 Hours]

[Max. Marks : 50

- Instructions :**
- (1) All questions in Section-I carry equal marks. Attempt any **three** questions in Section-I.
 - (2) All sub-questions in Section-II carry equal marks. Attempt any **eight** sub-questions in Section-II.
 - (3) The relevant Previous Year is 2020-21 and relevant Assessment Year is 2021-22, unless specifically mentioned.
 - (4) Show necessary calculations as a part of the answer.
 - (5) Use of non-scientific calculator is allowed.

SECTION-I

Attempt any **three** questions out of **five** questions :

1. (A) Mr. Johnson and Mr. Stewart form a partnership firm on April 1, 2020 (Profit sharing ratio: 1 : 1) by investing ₹ 15,00,000 and ₹ 22,50,000 respectively. The investment has been financed from the following sources :

7

Particulars	Mr. Johnson (₹)	Mr. Stewart (₹)
Gift from spouse	9,90,000	12,00,000
Past savings	<u>5,10,000</u>	<u>10,50,000</u>
Total investment	15,00,000	22,50,000

For the year ending March 31, 2021, the income of both the partners from the business is as follows :

Particulars	Mr. Johnson (₹)	Mr. Stewart (₹)
Share of profit	2,00,000	2,00,000
Salary as working partner	3,00,000	4,00,000
Interest on capital @ 10%	1,50,000	2,25,000

Required :

Determine the income chargeable to tax in the hands of Mr. Johnson, Mrs. Johnson, Mr. Stewart and Mrs. Stewart.

- (B) Mr. Jain, an individual, submits the following information relevant for the assessment year 2021-22 :

7

Particulars	Positive Income (₹)	Negative Income (₹)
Salary income (after standard deduction)	1,50,000	—
Income under the head house property		
House I	1,00,000	—
House II	—	1,20,000
House III	—	3,30,000
Profits and gains of business and profession :		
Business A	2,00,000	—
Business B	—	1,50,000
Business C (Speculative)	—	1,20,000
Business D (Speculative)	1,00,000	—

Required :

Determine taxable income of Mr. Jain for the Assessment Year 2021-22.

2. Mr. Kishore, a resident individual, submits the following particulars of his income and expenditure for the previous year 2020-21 :

14

	Particulars	(₹)
1.	Business Income	11,66,000
2.	Life insurance premium (policy taken in 2010) on the life of his daughter (sum assured : ₹ 20,000)	6,000
3.	Life insurance premium (policy taken in 2012) on his own life (sum assured : ₹ 60,000)	2,700
4.	Life insurance premium (policy taken in 2012) on the life of his dependent sister	10,000
5.	Contribution towards recognized provident fund	9,000
6.	Contribution towards public provident fund	1,30,000
7.	Repayment of loan taken from LIC for purchase of residential house property	30,000
8.	Payment of Medical insurance premium on own life	22,000
9.	Mediclaim insurance premium of wife (not dependent upon him) [Sum assured ₹ 80,000]	4,500
10.	Mediclaim insurance premium of son (not dependent upon him)	800
11.	Mediclaim insurance premium of daughter (dependent upon him)	2,500
12.	Medical insurance premium of father (Age 62 years, resident in India, not dependent upon him)	11,000
13.	Medical insurance premium of Mother (Age 59 years, resident in India, dependent upon him)	37,000
14.	Medical insurance premium of Grandmother (dependent upon him)	500
15.	Donation by Cheque to Clean Ganga Fund	4,000
16.	Donation by Cheque to Swachh Bharat Kosh	3,000
17.	Donation by Cheque to Rajiv Gandhi Foundation	1,000
18.	Donation by Cheque to Prime Minister's Drought Relief Fund	5,000
19.	Donation by Cheque to a poor boy for higher education	5,000
20.	Donation in cash to National Children Fund	8,000

Required :

Calculate the taxable income of Mr. Kishore after considering the deductions u/s 80 C to 80U.

3. The following information pertains to Mr. Stan for the Assessment Year 2021-22 : **14**

- (1) His tax liability amounts to ₹ 2,40,000.
- (2) He is liable to pay interest under sections 234A, 234B and 234C of ₹ 4,340; ₹ 10,000; and ₹ 660.
- (3) He is liable to pay a late fee of ₹ 10,000 under section 234F.
- (4) He is entitled for tax credit on account of following :

Particulars	Amount (₹)
Advance tax	17,000
TDS and TCS	33,000
Double taxation relief	15,000

Required :

- (1) Calculate the tax payable under section 140A [Self-assessment Tax].
- (2) What are the consequences, if amount paid under section 140A is
 - (i) ₹ 2,50,000
 - (ii) ₹ 1,00,000
 - (iii) ₹ 50,000
 - (iv) ₹ 3,00,000
 - (v) ₹ 10,000

4. For the assessment year 2021-22 Mr. Vinod (age : 64 years) submits the following information :

14

Income from business ₹ 9,82,000

Property income :

Particulars	House-I (₹)	House-II (₹)
Fair Rent	3,50,000	3,20,000
Municipal Valuation	3,60,000	3,50,000
Standard rent	3,00,000	5,00,000
Annual rent	6,00,000	4,20,000
Unrealised rent of the previous year	10,000	80,000
Vacant period (number of months)	2	4
Loss on account of vacancy	1,00,000	1,40,000
Municipal taxes paid	40,000	50,000
Repairs	5,000	7,000
Insurance	20,000	30,000
Land revenue	25,000	40,000
Ground rent	66,000	82,000
Interest on capital borrowed	—	1,40,000
Nature of occupation	Let out for residence	Let out for business

Required :

Determine the taxable income and tax liability of Mr. Vinod for the assessment year 2021-22 assuming that deductions under section 80C is ₹ 1,50,000.

5. Following is the information submitted by Mr. Justin (27 years), determine the amount of advance tax payable during the Previous Year 2020-21.

14

Income	Taxable Amount (₹)
Salary (after standard deduction)	1,10,000
House Property	10,62,000
Capital gains [Short-term - Taxable under section 111 A @ 15%]	12,000
Income From Other Sources	2,03,000

Additional information :

- (1) TDS and TCS amounted to total ₹ 1,44,752.
- (2) He has contributed ₹ 2,00,000 towards recognised provident fund.
- (3) He is eligible for deduction of ₹ 40,000 under section 80D and ₹ 70,000 under section 80G.

Required :

From the above particulars, determine the amount of advance tax payable during the Previous Year 2020-21.

SECTION-II

Attempt any **eight** questions out of **ten** questions :

6. In the following sub-questions, more than **one** answer is given. You are required to select correct answer.

8

- (1) Casual loss can be set off against _____.
 - (a) Casual Income only.
 - (b) All income but not against salary income.
 - (c) Any income but not against casual income.
 - (d) Casual loss cannot be set off.

- (2) Which one of the following conditions is incorrect with respect to 'Clubbing of income in case of remuneration of spouse' ?
- (a) Tax payer is an individual.
 - (b) Tax payer is having substantial interest in a concern.
 - (c) Spouse of tax payer is employed in the concern.
 - (d) Spouse is employed in the concerned with the technical and/or professional knowledge or experience.
- (3) PAN is _____.
- (a) 10 digit unique alphanumeric number
 - (b) 15 digit unique alphanumeric number
 - (c) 10 digit unique numeric number
 - (d) 15 digit unique numeric number
- (4) The Income tax return of political party is to be verified by _____.
- (a) The Chief Executive Officer of party
 - (b) Any political leader of the party
 - (c) Either (a) or (b)
 - (d) There is no need of verification
- (5) Which of the following sentence/s is/are incorrect with respect to TCS ?
- (a) TCS is done at the time of payment.
 - (b) TCS is imposed on income.
 - (c) TCS is collected by payee.
 - (d) All
- (6) The rate of tax deduction at source is _____ in case of winning from lotteries or crossword puzzles, etc.
- (a) 30%
 - (b) 10%
 - (c) 2%
 - (d) There is no TDS

- (7) Full form of NSC in deduction from gross total income
- (a) National Saving Certificate
 - (b) National Saving Circle
 - (c) National Service Commission
 - (d) None of the above
- (8) Deduction under section 80C is allowed to :
- (i) Individual
 - (ii) HUF
 - (iii) Firm
 - (iv) Company
- (a) (i) only
 - (b) (i) & (ii) only
 - (c) (i) & (ii) & (iii)
 - (d) (ii), (iii) & (iv)
- (9) For a resident senior citizen, who is atleast 60 years of age at any time during the previous year but less than 80 years on the last day of previous year, Income tax is Nil upto ₹ _____.
- (a) 2,50,000
 - (b) 5,00,000
 - (c) 3,00,000
 - (d) 3,50,000
- (10) Income tax rate applicable in case of casual income is :
- (a) 30%
 - (b) 10%
 - (c) 20%
 - (d) 25%