

M.Com.(HPP)(A.A.A) Sem-3 Examination

CC 13

Direct (Personal) Tax Planning

August 2021

Time : 2-00 Hours]

[Max. Marks : 50

Instructions: All Questions in Section I carry equal marks

Attempt any TWO questions in Section I

Section I

1. (A) Distinguish between Tax Planning and Tax Evasion. (10)
- (B) From the following information, determine total income of Mr. Kishan under different residential status for the previous year 2020-21. (10)

No.	Incomes	₹
1.	Income of France controlled business is received from business situated in Mumbai.	180,000
2.	Rent Income of asset situated outside India, is deposited in Indian Bank situated outside India, brought to India.	200,000
3.	Income of business of Canada which is controlled from Delhi (₹120,000 received in India)	200,000
4.	Interest received in India of Foreign Company	20,000
5.	Compensation received in services outside India, services were provided in India.	100,000
6.	Interest received outside India of Foreign Company	120,000
7.	Royalty income received from non resident staying in India.	136,000

2. Shri Gautam is an owner of three house property X, Y and Z. All the houses are self occupied. Its related information is as follows for Previous Year 2020-21. (20)

[P.T.-0]

Particulars	House – X (₹)	House – Y (₹)	House – Z (₹)
Municipal Valuation	250,000	300,000	350,000
Fair Rent	350,000	375,000	400,000
Standard Rent	325,000	400,000	375,000
Land Rent	3,000	3,000	3,000
Land Revenue	4,500	6,000	7,500
Loan Interest	87,500	50,000	37,500
Municipal Tax	10%	10%	10%

From assessment year 2021-22, only two houses (according to the choice of the tax payer) are treated as self-occupied properties and other house/houses will be treated as “Deemed to be let-out.” Give your suggestion which houses should be selected as self occupied to minimize the tax liability.

3. (A) Maharshi is an owner of urban agricultural land. He is using this land for agriculture purpose since last 12 years. The following information is given (10)

No.	Particulars	₹
1.	Acquisition cost of land (2007-08)	20,00,000
2.	Land sold (31-10-2019)	95,00,000
3.	Acquisition of new agricultural land	60,00,000

How would you evaluate this case?

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(B) State any five taxable incomes and five admissible general deductions from Income from business and profession. (10)

4. (A) Vraj submits you the following particulars of his estimated income for the financial year 2020-21 (10)

No.	Particulars	₹
1.	Income under the head house property (computed)	250,000
2.	Income under the head salary (After deducting standard deduction)	600,000
3.	Dividends from domestic company	12,00,000
4.	Winnings from lottery (net)	280,000

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Compute tax payable by him for the assessment year 2021-22 and Give your suggestions to reduce tax liability through proper tax planning.

(B) Taxable income of ₹ 820,000 of Shri Manish is decided by the assessment officer. Assessment year is 2019-20. No advance tax has been paid by him. His regular assessment has been done. If his regular assessment has been done on dated 31-10-2019, calculate the interest payable under section 234B. (10)

Section II

5. Select correct option from given below: (Any Five) (10)

- 1) Which of the following is considered as tax evasion?
 - (A) Hiding of information
 - (B) Misleading documents
 - (C) Provide false information
 - (D) All of the above
- 2) Income earned outside India which is controlled from India is not taxable for _____.
 - (A) Resident but not Ordinary
 - (B) Ordinary Resident
 - (C) Non Resident
 - (D) All of the above
- 3) Which of the following is cover under income from House Property?
 - (A) Income from Farm House
 - (B) Income from Self Occupied House
 - (C) Income from asset held by trade union
 - (D) All of the above
- 4) Which of the following is NOT a wholly tax free security?
 - (A) Special Deposit Scheme, 1981
 - (B) 8% Relief Bonds
 - (C) Special Bearer Bonds, 1991
 - (D) Fixed deposit with State Bank of India.
- 5) Any profit or gains arising from the transfer of capital asset are called _____.
 - (A) Capital Gain
 - (B) Business Profit

[P.T.O.]

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- (C) Illegal Income
(D) Other Income
- 6) Which of the following is the objective of tax planning?
(A) Reduction in disputes
(B) Profitable investment
(C) Economic stability
(D) All of the above
- 7) If Net taxable income of Mr. A is ₹ 11,00,000 for Previous year 2019-20 than
taxability as per new tax regime is ₹ _____.
(A) 95,000
(B) 98,800
(C) 142,500
(D) 148,200
- 8) Which of the following allowances is fully taxable?
(A) Dearness Allowance
(B) Medical Allowance
(C) City Compensatory Allowance
(D) All of the above
- 9) As per section _____, every person whose estimated tax liability for the year is ₹
10,000 or more, shall pay his tax in advance, in the form of "advance tax"
(A) 205
(B) 208
(C) 215
(D) 218
- 10) The maximum amount of exemption of entertainment allowance for a private sector
employee is _____.
(A) Zero
(B) ₹ 5,000
(C) 30 % of salary
(D) Actual Amount Received
- 11) As per deduction u/s 80 DD if there is disability of more than 40% but less than 80%
then the maximum amount of deduction available is ₹ _____.
(A) 25,000
(B) 50,000
(C) 75,000
(D) 125,000
- 12) Which of the following is inadmissible expense under the head of Income from
Business & Profession?
(A) Reserves and provisions
(B) Personal expenses
(C) Donation
(D) All of the above
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