

Seat No. : _____

AL-132

April-2023

Integrated M.Sc. (CA & IT), Sem.-II

Taxation Laws

Time : 2:30 Hours]

[Max. Marks : 50

1. Attempt any **two** : **10**
- (A) What is Central Board of Direct Taxes ? What functions are performed by it ? Discuss.
- (B) Explain Assessment year and Previous year.
- (C) Write a note on Merits and Demerits of Direct taxes.
2. Mr. M is working in a company at Ahmedabad as a manager (a specified employee). From the following details of financial year 2021-'22, compute his taxable salary for Assessment year 2022-'23. **10**

	₹
(1) Basic salary	6,00,000
(2) Dearness Allowance is 25% of basic salary (considered for P.F.)	—
(3) Education Allowance [for three children]	7,400
(4) House Rent Allowance (actual rent paid ₹ 8,000 p.m.)	8000 p.m.
(5) Entertainment Allowance	20,000
(6) Free lunch facility provided during office hours (for 200 days @ ₹ 75 per dish; cost is borne by company)	
(7) Company has provided a car of 1200 cc engine with driver for both purpose. All expenses are paid by company.	
(8) Commission	2,000 p.m.
(9) Company's contribution to Recognised Provident Fund	1,04,000
(10) Interest credited to R.P.F. account @ 14%	42,000
(11) Professional tax paid by him	200 p.m.

3. Following details are given of house property owned by Shri Parth Shah : 10

Particulars	House 1 'Anil'	House 2 'Jatin'	House 3 'Krish'
1. Municipal valuation	1,60,000	1,50,000	60,000
2. Annual fair rent	1,80,000	2,00,000	72,000
3. Standard rent	—	1,80,000	—
4. Municipal Taxes (unpaid)	10%	10%	10%
5. Payment for Tenants' amenities	—	12,000	—
6. Repairs	8,000	10,000	6,000
7. Insurance Premium [paid]	5,400	4,200	3,300
8. Interest (of A.Y. 2021-'22) on loan taken for construction	1,00,000	60,000	20,000
9. 15 th part of total interest of construction period	—	30,000	10,300
10. Year of completion of construction	2020-21	2017-18	2018-19
11. Period of vacancy	—	1 month	—
12. Use of house	Self occupied	Let out for Residence	Self occupied

Rent receivable for House 2 "Jatin" was ₹ 1,86,000.

Compute the taxable income under the head "Income From House Property : for the A.Y. 2022-'23.

4. Compute the capital gains chargeable to tax of Shree Niraj from the following details for the A.Y. 2022-'23 : 10

Sl. No.	Date of Purchase	Selling Price (₹)	Transfer Charges (₹)	Cost (₹)	Particulars of assets	Index of year of purchase
1.	1-1-'88	47,43,000	23,000	3,00,000	Only self occupied house	100
2.	1-6-2015	4,88,800	—	1,62,560	Shares of X Ltd.	254
3.	1-3-2014	2,96,000	4,000	2,64,000	Shares of Y Ltd.	220
4.	1-9-2005	39,88,100	11,000	14,04,000	Jewellery	117
5.	1-1-2021	—	—	8,76,000	Residential house for self occupation (new)	

He had sold self-occupied house on 15-3-2022. The cost inflation index of financial Year 2021-'22 is 317 (CIF as on 1-4-2001 was 100).

On 1-4-2001, the fair market value of self-occupied house and jewellery were ₹ 12,00,000 and ₹ 12,50,000 respectively. Shares of both the companies (sold directly on 1-11-2021) were not subject to Securities Transaction Tax (STT).

OR

- (A) From the following information of Mr. Sachin, calculate the taxable amount of Capital gain for P.Y. 2021-'22 : 5

Jewellery purchased on 10-3-'95 for ₹ 2,09,000 was sold for ₹ 14,62,810.

On 2-5-2021, he paid ₹ 2,000 and ₹ 4,500 respectively as brokerage for Purchase and Sale.

On 3-12-2021, he purchased bonds of National Highway Authority of India (NHAI) ₹ 4,00,000, which are repayable after 5 years.

The fair market value of the Jewellery on 1-4-2001 was ₹ 4,40,000.

Index 2001-'02 : 100 2021-'22 : 317

- (B) Explain the terms Capital Assets and Capital Gains. 5

5. From the following data of Ritesh for the Previous year ended 31 -3-2022, compute the Income from Other Sources : 10

	₹
1. Directors fee from a company	10,000
2. Interest on Bank Deposit	3,000
3. Income from undisclosed source	1,12,000
4. Winning from lotteries (Net of Taxes @30%)	35,000
5. Royalty on book written by him	41,000
6. Lectures in seminars	5,000
7. Interest on loan given to a relative	7,000
8. Interest on debenture of a company (Listed in a Recognised stock exchange) Net of Taxes @10%	3,588
9. Interest on post office saving bank account	2,500
10. Interest on Deposit Certificate issued under the Gold Monetisation Scheme	9,000
11. Interest on Government Securities	2,200
12. Interest on Monthly Income scheme of post office	3,000

He has paid ₹ 3,000 for typing the manuscript of book written by him.

OR

Sahid's Profit & Loss Account for the year ended on 31-3-2022 is as under. Find out his taxable income from business and profession :

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Debit	₹	Credit	₹
To Income tax	15,000	By Gross Profit	7,32,000
“ Professional tax	2,000	“ Bad-debts recovery	10,000
“ Dividend collection exp.	1,000	“ Income-tax refund	3,000
“ Exp. of house (let-out)	5,000	“ Professional tax refund	1,000
“ Charity	8,000	“ House rent	80,000
“ Discount	5,000	“ Dividend	12,000
“ Subscription	2,000	“ Director fee	44,000
“ Legal fee	3,000		
“ Staff salary	5,12,000		
“ Staff training expns.	5,000		
“ Drawing	12,000		
“ Depreciation	78,000		
“ Travelling exps.	27,000		
“ Interest	5,000		
“ Group Ins. Prem.	2,000		
“ Net profit	2,00,000		
	8,82,000		8,82,000

Additional Information :

- (1) Travelling exps. Included ₹ 21,000 of personal exps.
- (2) Interest includes ₹ 3,000 int. on capital and ₹ 2,000 loan int.
- (3) Unpaid GST is ₹ 5,000.
- (4) Bad debt recovered ₹ 4,000 was not allowed as bad debt.
- (5) Allowable depreciation is ₹ 75,000.
- (6) Advertisement paid ₹ 2,000 is not recorded in the books.