

Seat No. : \_\_\_\_\_

**XA-103**

**March-2013**

**T.Y. B.B.A.**

**Direct Tax**

**Time : 3 Hours]**

**[Max. Marks : 70**

**Instruction :** Show necessary working notes.

1. (a) Write short note (any **two**) : **6**
- (1) Objectives of Tax Planning.
- (2) Assessment Year and Previous Year
- (3) Person

- (b) Write a note on 'Income Tax Authorities.' **4**

**OR**

State the exemption limit for tax for A.Y. 2012-2013 :

- General Tax Payers (male & female)
- Senior Citizens
- Super Senior Citizens

- (c) Mr. Kishan stayed in India for the period mentioned below after his first arrival. Determine his Residential status for the A.Y. 2012-2013 : **4**

**Accounting year    Days of Presence**

2007 – 08	80
2008 – 09	Nil
2009 – 10	192
2010 – 11	176
2011 – 12	92

**OR**

Shri Kumar furnishes the following particulars of his income earned during the P.Y. relevant to the A.Y. 2012-13 :

	₹
(1) Income from property in London	2,00,000
(2) Pension from a former Indian employer received in U.S.A.	20,000
(3) Profits from business in Bombay managed from outside India	1,80,000
(4) Interest on Japan development bonds. (1/3 is received in India)	30,000

Compute his Gross Total Income for the A.Y. 2012-2013 in the following circumstances :

- If he is Resident.
- If he is Resident but not Ordinary Resident.
- If he is Non-Resident.

2. From the following information of Mr. Raju, calculate his Taxable Income from salary for the A.Y. 2012-2013 : **10**

- (1) Basic salary (after deduction of income tax of ₹ 30,000 and employee's contribution to recognized provident fund equal to 15% of Basic salary) ₹ 7,35,000.
- (2) Dearness Allowance 60% of basic salary.
- (3) Hostel Allowance (for one child) ₹ 6,600 p.a.
- (4) Entertainment Allowance ₹ 60,000 p.a.
- (5) The employer pays Mr. Raju a House Rent Allowance of ₹ 15,000 p.m. and Raju lives in a rented house for which he pays rent of ₹ 18,000 p.m.
- (6) He is provided with a motor car of more than 1.6 lt. capacity which he uses both for private and office purposes. The employer pays all expenses of the said car including driver's salary of ₹ 6,000 p.m.
- (7) Employer's contribution to Recognized Provident Fund is equal to Mr. Raju's contribution.
- (8) Interest credited @ 12% p.a. rate to RPF is ₹ 18,000.

- (9) Gas, water and electricity charges paid by company (2/3 for personal use) ₹ 18,000.  
 (10) Mr. Raju has made the following payments during the P.Y.

	₹
– Professional Tax (annual)	2,400
– Investment in PPF	20,000
– LIC Premium	16,000

Calculate Taxable Salary and deduction under Sec. 80 C for A.Y. 2012-2013.

**OR**

- (a) Shri K.K. (a specified employee) has furnished the following particulars of his salary income for the year ended 31-3-2012 : **6**

	₹
Basic salary	20,000 p.m.
Dearness Allowance (60% eligible for retirement benefit)	10,000 p.m.
Hostel Allowance (for 3 children)	6,400 p.m.
Commission	10,000 p.a.

He is also provided a free furnished house owned by the employer. The cost of furniture (owned by the employer) provided to the employee is ₹ 1,00,000. For this perquisite, employer is deducting a sum of ₹ 1,500 p.m. from his salary.

Calculate the value of perquisite of rent-free furnished house, if the house is in Mumbai.

- (b) Discuss the provisions of Income Tax Act, 1961 relating to taxability of Gratuity. **4**

3. (a) (i) Shri Tarak owned four machines. Book value of two machines (having a common rate of depreciation 25%) was ₹ 8,00,000 on 1-4-2011. Book value of other two machines (rate of depreciation 20%) was ₹ 2,50,000 on 1-4-2011. **7**

On 1-9-2011, he sold one machine costing ₹ 1,50,000 (applicable rate of depreciation 20%) for ₹ 3,00,000. On 1-1-2012, he purchased a new machine (rate of depreciation 25%) for ₹ 4,00,000.

Calculate total admissible depreciation for P.Y. 2011-2012. Show other tax implications also. (if any)

- (ii) Give four examples of expenses not allowed while computing taxable Business income. **4**

**OR**

(a) Following is the Profit & Loss A/c. of Mr. A for the year ending 31-3-2012 :

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Debit	₹	Credit	₹
To Salary	3,20,000	By Gross profit	10,85,000
To Office Expenses	48,000	By Bad Debt recovered	15,000
To Depreciation	80,000	By Commission	22,000
To Audit Fees	25,000	By Sundry Receipts	13,000
To Repairs	48,000	By Income from house property	30,000
To Amount transferred to special reserve	90,000		
To Expense on Diwali festival	10,000		
To Contribution to unapproved gratuity fund	18,000		
To Interest Payable	70,000		
To Provision for income-tax	1,10,000		
To Legal Expense	10,000		
To Travelling Expense	11,000		
To Bad-Debt	15,000		
To Net Profit	3,10,000		
	<b>11,65,000</b>		<b>11,65,000</b>

**Other Information :**

- (1) Admissible depreciation as per Income Tax Law is ₹ 1,00,000.
- (2) Repairs include ₹ 18,000 being expenditure on repairs of self-residential house.
- (3) Interest payable includes ₹ 5,000 paid as penalty for late payment.
- (4) Out of bad-debt recovered only ₹ 10,000 were allowed as deduction earlier.
- (5) Discount received of ₹ 22,000 is not shown in the above Profit & Loss A/c.
- (6) Travelling expenses include ₹ 5,000 for personal trip to pilgrimage.

From the information given above, calculate the business income of Mr. A for the A.Y. 2012-2013.

(b) Shri Narendra Shah, residing in Mumbai, is an Indian citizen. His assets on 31-3-2012 were as follows : 7

- (1) Cash on hand ₹ 53,600 and bank balance ₹ 10,000.
- (2) Jewellery for personal use purchased for ₹ 80,000 during 2011-2012. The market value of jewellery is ₹ 1,10,000.
- (3) Farm house situated at a distance of 30 kilometers from municipal limits ₹ 10,00,000.
- (4) Residential flat in Surat ₹ 20,00,000.
- (5) Gifted gold chain of ₹ 50,000 to his married daughter.
- (6) House property let out for 310 days during the previous year ₹ 60,00,000.
- (7) Loan outstanding ₹ 5,00,000 for farm house.

Calculate the net wealth from the above information for the A.Y. 2012-13.

**OR**

Write a detailed note on 'Deemed Assets' under Wealth Tax Act. 7

4. (a) Shital sold her following assets during the year ending on 31-3-2012 : 7

Assets	Date of Purchase	Purchase Price	Date of Sale	Sale price	Transfer Expenses
(1) Residential House (only one)	1-1-1980	2,50,000	2-2-12	41,16,000	16,000
(2) X. Ltd. Shares	1-12-2006	1,08,000	10-6-11	1,72,600	2,600
(3) Debentures	10-7-1981	1,80,000	12-12-11	2,22,000	2,000
(4) New Flat	1-1-2012	30,00,000	—	—	—

**Other Information :**

- (1) She has incurred ₹ 2,00,000 in year 2004-05 for additional construction on residential house.
- (2) The fair market value of assets on 1-4-1981 were as under :  
Residential house – ₹ 3,50,000

(3) No Security Transaction Tax (STT) has been paid on sale of X Ltd. shares.

(4) Relevant Index Nos.

1981 – 82	100
2004 – 05	480
2006 – 07	519
2011 – 12	785

Calculate the Taxable Capital gain for the A.Y. 2012-2013.

**OR**

(a) Mr. Gopal owns following four house properties. Other particulars are as follows :

	House 1	House 2	House 3	House 4
(1) Use of property	Self-occupied	Self-occupied	Let out to a business house	Being used in own business
(2) Market Value	20,000	50,000	70,000	40,000
(3) Standard Rent	–	–	72,000	44,000
(4) Fair Rental Value	26,000	60,000	80,000	51,000
(5) Actual rent recd. (annual)	–	–	96,000	–
(6) Vacancy	–	–	1 month	–
(7) Municipal taxes				
Paid	5,000	2,000	6,000	8,000
Unpaid	4,000	2,000	4,000	–
(8) Repairs	10,000	32,000	–	–
(9) Interest paid on borrowed money (for repairs)	8,000	31,000	–	–
(10) Interest paid on loan (for construction)	–	–	24,000	–

Determine the taxable income from house property for the A.Y. 2012-13 :

- (b) From the following particulars of income of Shri Rakesh, compute his taxable income under the head 'Income from other Sources' for the A.Y. 2012-13 : 7

	₹
(1) Dividend received on equity shares of Indian company	12,000
(2) Income from unexplained sources	5,000
(3) Net prize money (after deduction of tax at 30%) received on lottery won	35,000
(4) Interest received on ₹ 90,000 10% tax free debentures of A Ltd. (T.D.S. rate 10%)	9,000
(5) Ground rent income	8,000
(6) Loan of ₹ 20,000 at 8% interest is taken for purchase of debenture of A Ltd. on 1-10-2011	
(7) Expenses (cost) of lottery tickets bought	2,500
(8) Interest received on ₹ 10,000, 7% capital investment bonds	2,000

**OR**

- (b) (i) Write short note on Permanent Account Number (PAN). 4
- (ii) Mention any six incomes exempted under Section 10. 3

5. Do as directed (any **two**) : 14

- (i) Discuss the provisions of law regarding the 'clubbing of income' of individual.
- (ii) Mr. Akshay, an Indian resident, furnishes the following particulars of his income for the A.Y. 2012-13. You are required to deal with set-off and carry forward of losses :

	₹
– Income from House-property	15,000
– Income from Securities	8,000
– Profits from Rayon Business	35,000
– Speculation Income	8,000
– Long term capital gain	5,000

The carry forward items from the A.Y. 2011-12 are :	₹
– Speculation loss	10,000
– Long term capital loss	4,000
– Loss from hosiery business (discounted in 2010-11)	20,000

Calculate Gross Total Income.

(iii) Write short notes on :

- Deduction for Mediclaim Insurance Premium (S. 80 D)
- Deduction in respect of Interest paid on loan for education (S. 80 E)

(iv) Compute the deduction available under Sec. 80 G while calculating the Taxable Income of Shri Atul for the A.Y. 2012-13.

	₹
(1) Total Gross Income	3,10,000
(2) Admissible deduction u/s 80 C	60,000
(3) Donations given during the year	
(a) To Gujarat University	20,000
(b) To National Children Fund	24,000
(c) Donation to Government for promotion of family planning	22,000
(d) Donation to Prime Minister Drought Relief Fund	40,000

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