

NB-138

December-2015

(SY) M.B.A., (Integrated)**Direct Taxes – I****Time : 3 Hours]****[Max. Marks : 100**

1. (A) Discuss in detail relationship between residential status and incidence of tax. **8**
- (B) “The function of the income tax authorities are both executive and judiciary”. Discuss. **8**
- (C) Define the following (any **two**) **4**
- (1) Assessment year
- (2) Previous year
- (3) Assessee
- (4) Gross total Income

OR

- (A) What is residential status ? Explain the conditions for determining residential status. **8**
- (B) Explain the slab rate of tax system for the assessment year 2015-16. **8**
- (C) Explain the following in brief : **4**
- (1) Assessing officer
- (2) Central Board of Direct Taxes (CBDT)
2. (A) Mr. Gupta, aged 30 years, is the engineer of ABC Ltd. From the following details, compute the taxable income for the assessment year 2015-16. **14**
- | | |
|--|----------|
| (1) Basic salary (24,000 × 10) | 2,40,000 |
| (2) Dearness allowance (6,000 × 10) | 60,000 |
| (3) Bonus | 24,000 |
| (4) Education Allowance
(including hostel expenses for three children for 10 months) | 18,000 |
| (5) His own contribution to R.P.F | 36,000 |
| (6) Life Insurance Premium | 12,500 |
| (7) Income tax TDS | 28,540 |
| (8) Professional tax | 2,000 |
| (9) Gratuity received | 4,72,000 |

Other information :

- (a) Rent free accommodation is provided by employer.
(b) 1.4 liters cubic capacity motor car for both are as well as office purpose.
All the expenses of the motor car are paid by employer.
Mr. Gupta retired on 31st Jan, 2015 after completing 26 years service and ₹ 4,72,000 as accumulated balance of R.P.F.

- (B) Write a note on perquisites given to specified employees. **6**

OR

Explain provident fund with reference to the following : **6**

- (a) Statutory provident fund
(b) Recognized provident fund
(c) Unrecognized provident fund
(d) Public provident fund

3. (A) Mr. Vaibhav own five houses at Cochin, all of which are let out. Compute the gross annual value of each house from the information given below : **5**

Particulars	House-I	House-II	House-III	House-IV	House-V
Municipal value	1,20,000	2,40,000	1,10,000	90,000	75,000
Fair rent	1,50,000	2,40,000	1,14,000	84,000	80,000
Standard rent	1,08,000	N.A.	1,44,000	N.A.	78,000
Actual rent received / receivable	1,80,000	2,10,000	1,20,000	1,08,000	72,000

- (B) Mr. Vikas owns a house property whose Municipal Value, Fair Rent and Standard Rent are ₹ 96,000, ₹ 1,26,000 and ₹ 1,08,000 (per annum), respectively. **10**

During the Financial Year 2014-15, one-third of the portion of the house was let out for residential purpose at a monthly rent of ₹ 5,000. The remaining two-third portion was self-occupied by him. Municipal tax @ 11% of municipal value was paid during the year.

The construction of the house began in June, 2007 and was completed on 31-5-2010. Vikas took a loan of ₹ 1,00,000 on 1-7-2007 for the construction of building.

He paid interest on loan @ 12% per annum and every month such interest was paid.

Compute income from house property of Mr. Vikas for the Assessment Year 2015-16.

- (C) Explain the meaning of 'annual value' and process of determination of annual value. **5**

OR

What deductions are allowed from annual value in computing taxable income ? **5**

4. (A) Mr. Sharma is having a trading business and his Trading and Profit & Loss Account for the financial year 2013-14 is as under :

15

Particulars	₹	Particulars	₹
General Expenses	65,000	By Gross Profit	16,32,000
Insurance Premium	8,000	Discount	6,000
Legal charges	59,000	Income from house property	27,000
Salaries	6,85,000	Interest on P.O. Office	
Bad Debt	2,000	Deposits	3,000
Bad Debt Reserve	5,000	Bad debt recovered	16,000
Provision for tax	57,000	Surplus on sale of shares	75,000
Income tax	85,000	Profit on sale of machinery	1,000
Donation	6,000	(sold for ₹ 10,000)	
Motor-car Expenses	1,05,000		
Net Profit	6,83,000		
	<u>17,60,000</u>		<u>17,60,000</u>

Other information :

- Insurance premium includes ₹ 3,000 being medi-claim insurance and ₹ 2,000 being life insurance premium.
- 25% of the bad debts recovered relates to amount of bad debts not allowed before three years.
- ½ Motor-car expenses is spent towards personal expense. WDV of car as on 1-4-13 was 2,50,000 (depreciation rate 15%).

Calculate gross total income of Mr. Sharma for the Assessment Year 2014-15.

- (B) List down 10 examples of expenses expressly disallowed while computing income under head PGBP.

5

OR

Write a short note on depreciation under Section 32 of Income Tax Act, 1961.

5. Answer any **four** from the following :

20

(A) Mr. Chaudhary purchased property in 1985-86 for ₹ 532000. In 1987-88 a new floor was added at cost of ₹ 176,250. He sold it for a consideration of

₹ 60,00,000 in 2014-15. Calculate capital gain Index number

1985-86 : 133

1987-88 : 150

2014-15 : 1024

Incurred transfer expense of 2%

(B) Mr. X holds 5,000 equity share of PQR Ltd in 1976 at 47,000 fair value on 1-4-81 ₹ 80,000. Right share were offered at ₹ 50 per share 30-6-09. Mr. X bought 3,000 Equity share out of 5,000 and sold remaining 2,000 at ₹ 10,000.

He sold all his shares on 31-1-15 at ₹ 160 per share

Index number

1981-82 : 100

2014-15 : 1024

(C) What is “Income from other sources” ? State the main incomes which are included under this head.

(D) Explain meaning of “cost of acquisition” and ‘indexed cost of acquisition’ of capital asset.

(E) Write a short note : Interest on capital under section 30.
