

Seat No. : _____

DA-126
December-2018
S.Y.M.B.A., Integrated
Direct Taxes-1

Time : 2:30 Hours]

[Max. Marks : 70

1. (A) Write a note on the following : **8**

- (1) Define person, assessment year and previous year.
- (2) Central Board of Direct Taxes (CBDT).

OR

- (1) Role of Assessing officer.
- (2) Explain in brief the rules of residential status of an Individual.

(B) During the previous year 2017-18, Ema, a foreign national (not being of Indian origin), visits India for 100 days. Determine his residential status for the assessment year 2018-19 on the basis of the following information: **6**

- (1) During 2014-15, Ema is present in India for 350 days.
- (2) During 2013-14 and 2012-13, Ema is in India for 15 and 365 days respectively.

2. (A) Mr. Narayan (40 years) is an HR manager of a multinational company operating in India (posted at Mumbai). He gets ₹ 80,000 per month as salary and ₹ 20,000 per month as dearness allowance (80% of D.A. is considered for calculation of retirement benefits).

The company (own) provides him accommodation from 1st January, 2018, the fair rent per month is ₹ 55,000. Till 31st December, 2017 Mr. Narayan gets ₹ 30,000 per month as house rent allowance. He stayed in a rented apartment and paid rent ₹ 22,000 per month. Employer and employee each contribute ₹ 1,35,000 towards recognised provident fund. Interest credited at 9.5% p.a. The employer also provides water facility, gardener, cook and pays ₹ 1,000 per month each. He also receives Entertainment allowance ₹ 6,000 p.a., club facility ₹ 18,000, Medical allowance ₹ 3,000 p.m. Compute Taxable salary of Mr. Narayan for Assessment year 2018-19. **8**

(B) Explain various types of Provident funds and its tax implications. **6**

OR

Give the difference between Allowances and Perquisites. Give the list of allowances which are fully taxable.

3. Answer any **two** from the following :

14

(A) Mr. Mehta (age 43) owns four houses which are used by him for his residential purpose :

Particulars	House A	House B	House C	House D
Municipal valuation	2,00,000	16,000	86,000	5,00,000
Fair rent (FR)	2,50,000	22,000	92,000	5,55,000
Rent (if property is let out throughout the year)				5,72,000
Unrealised Rent	-	-	-	90,000
Municipal tax Paid by Mehta	17,000	800	3,000	45,000
Date of completion of construction	June 16 th , 1991	June 5 th , 1974	June 14 th , 1979	March 3 rd -1998
Repairs	-	2,000	950	-
Collection charges	-	-	-	400
Land revenue	800	-	230	900
Interest on capital borrowed for repairs of house property	2,000	800	810	10,000
Interest on capital borrowed for construction of house property	5,700	-	-	-
Interest on capital borrowed for payment of municipal taxes	200	-	600	100
Nature of occupation	Self occupied for residence	Self occupied for business	Self occupied for residence	Let out for residence

House D remains vacant for the month of January 2018. Business income of Mehta for the previous year 2017-18 is ₹ 12,03,000 (as per I.T. act).

Determine the taxable Income from House property for assessment year 2018-19 on the assumption that he could not occupy House C for 2 months during the previous year.

(B) Mrs. Soni (age 40 years) owns two houses. The details of the two houses are as follows :

	First House	Second House
Municipal valuation	2,10,000	1,10,000
Fair rent	2,40,000	1,20,000
Standard rent	1,90,000	1,30,000
Annual rent received/ receivable	—	1,07,600
Unrealised rent	—	7,300

The first house is used for her own residence while the second is let out. She paid 10,000 as interest on loan taken for the construction of the first house. The second house remained vacant for two months during the year 2017-18. Expenses in respect of the second house for the said year were as follows :

Municipal taxes paid : 5,000; Land revenue due but unpaid : 2,000; Interest on loan for reconstruction of the house 10,000. Fire insurance premium paid 3,000. During the financial year 2017-18, Mrs. Soni was employed in ABC Ltd. at a monthly salary of 15,200. The company paid 2,500 as professional tax on her behalf. Compute total income of Mrs. Soni for the assessment year 2018-19 assuming that she does not have any other income.

- (C) Ms. Rai (age 22 year) has occupied two houses for her residential purposes, particulars of which are as follows :

Particulars	House I	House II
Municipal valuation	36,000	92,000
Fair Rent	29,000	97,000
Standard rent under rent control Act	24,000	86,000
Municipal taxes paid	4,000	10,000
Interest on borrowed capital	1,000	4,000
Repairs	-	600

Determine the income table under House property.

4. From the following profit and loss account of M/S Aashna (age 44, resident) for the year ending March 31st, 2018, ascertain his total income for assessment year 2018-19 : 14

Particulars	Amount	Particulars	Amount
General expenses	40,200	Gross profit	12,46,500
Bad Debts	66,000	Commission	25,800
Advanced tax	6,000	Brokerage	1,11,000
Insurance	1,800	Sundry Receipts	7,500
Salary to staff	78,000	Bad Debts recovered	33,000
Salary to Aarti (owner)	1,53,000	Interest on Debentures (gross)	75,000
Interest on overdraft	12,000	Interest on deposits with company (gross)	39,000
Interest on loan to her Husband	1,26,000		
Interest on capital	69,000		
Depreciation	1,44,000		
Advertisement expenditure	21,000		
Contribution to employees recognised PF	39,000		
Net profit	7,81,800		
	15,37,800		15,37,800

Other information :

- (1) The amount of depreciation allowable is ₹ 1,11,900 as per Income Tax Rules.
- (2) Income of ₹ 13,500 accrued during the previous year, is not recorded in profit and loss account.
- (3) General expenses include (a) ₹ 1,500 given to her husband for arranging a party in honour of a friend who has recently come from Sri Lanka. And (b) ₹ 3,000 being donation.
- (4) Loan was taken from her husband for payment of income tax arrears.

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

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- (A) Define Capital Asset. Discuss various exemptions available under the head capital gains.
- (B) Find out taxable capital gain from the following information of Mr. Khan :

	Agricultural Urban Land	Silver	Debentures	Gold
Date of transfer	12 th April, 2017	7 th October, 2017	3 rd January, 2018	26 th February, 2018
Sale consideration	22,75,000	68,86,000	15,76,000	23,10,000
Indexed cost of acquisition	19,32,000	56,10,000	7,26,858	11,78,000
Expense on transfer	5,000	6,000	1,000	10,000

Debentures were purchased in 2013-14. Other assets were purchased before 1st April. Indexed cost of acquisition is calculated by applying cost inflation index by the Government. On April 1st, 2017 Mr. Khan owns only one residential house property which is used for residence. For acquiring this property, a loan was taken from a friend in 2016 and interest on loan for the year 2017-18 is ₹ 1,46,000. Mr. Khan makes the following investments :

- (1) A residential house property of ₹ 18,00,000 is acquired on 14th April, 2016.
 - (2) NHAI bonds of ₹ 4,10,000 are purchased on 5th October, 2017
 - (3) REC bonds of ₹ 9,00,000 are purchased on 1st June, 2018. Determine the amount of capital gain chargeable to tax for the assessment year 2018-19. Cost inflation index of 2013-14 is 220.
- (C) Give the list of Incomes taxable under the head other sources.