

APRIL/MAY 2024

**GCM41/GCP41/DCM41/DCP41 — DIRECT  
TAXES**

Time : Three hours

Maximum : 75 marks

**SECTION A — (10 × 2 = 20 marks)**

Answer ALL questions.

1. What is an Assessment Year?
2. What do you mean by agricultural income?
3. What is 'Annual Value'?
4. How do you calculate exempted HRA?
5. What is a Business?
6. What is Long-term Capital Gain?
7. Explain Deduction U/s 80JJAA.
8. What are tax free securities?
9. What is Best judgment assessment?
10. Explain Tax evasion.

SECTION B — (5 × 5 = 25 marks)

Answer ALL questions.

11. (a) Briefly explain the scope of the income tax.

Or

- (b) Mr. Sunil earns the following income during the previous year 2023-24.

- (i) Interest from an Indian company received in Germany Rs. 1,00,000.
- (ii) Pension from former employer in India received in U.K. Rs. 2,00,000.
- (iii) Income from companies in USA and received in India Rs. 1,00,000.
- (iv) Income from agriculture in USA and received in India Rs. 10,000.
- (v) Income from employment in Japan received there Rs. 20,000.
- (vi) Past untaxed profits brought to India Rs. 50,000.

Compute gross total income of Sunil for the AY 2023-2024, if he is :

- (1) A resident
- (2) Not ordinarily resident
- (3) Non resident.

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12. (a) Write a note on fully exempted allowances.

Or

- (b) Find out the gross annual value in case of the following properties let out throughout the previous year for the assessment year 2023-24.

Particulars (Rs. 000)	H1	H2	H3	H4	H5
Municipal annual value	90	500	30	100	315
Fair rent (Rs.)	300	300	300	300	300
Standard rent under the Rent Control Act (Rs.)	50	800	240	250	500
Actual rent receivable p.a. (Rs.)	120	600	180	360	150
Unrealised rent of the P.Y. (in terms of months)	2	3	1	3	2

13. (a) What are the expenses disallowed while calculating business income?

Or

- (b) The net profit of business of Mr. V as disclosed by its profit and loss account were Rs. 3,25,000 after charging the following. Compute business income.

- (i) Municipal taxes on house property let out Rs. 3,000
- (ii) Bad debts written off Rs. 15,000

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(iii) Provision for doubtful debts Rs. 16,000

(iv) Provision for taxation Rs. 15,000

(v) Depreciation Rs. 25,000

(vi) Depreciation allowable Rs. 20,000.

14. (a) Mr. S.B. Singh, a College Professor, furnished the following particulars. You are required to compute income from other sources:

Examination remuneration Rs. 7,000;

Royalty from books and articles Rs. 25,000

Winnings from card games Rs. 6,700;

Winnings from State lottery Rs. 30,000.

Expenditure on purchase of lottery tickets Rs. 12,000.

Or

(b) Enumerate any five deductions based on certain payments from Gross total Income.

15. (a) What is the need of tax planning?

Or

(b) What are the ITR forms?

### SECTION C — (3 × 10 = 30 marks)

Answer any THREE questions.

16. Enumerate any 10 exempted incomes u/s 10.

17. Mr. Rajiv furnished the following particulars of his income for the year 2023-24.

Particulars	Rs.
Salary	15,000 pm
DA	1,250 pm
Entertainment allowance	1,000 pm
Employer's and Employees contribution to RPF	24,000 Each
Interest on PF AT 9.5% p.a.	19,000
City compensatory allowance	200 pm
Medical allowance	10,000

He has been provided with an unfurnished accommodation (population less than 10 lakhs) for which the employee paid Rs. 500 p.m. the house is owned by the employer, fair rental value is Rs. 30,000 pa. a sweeper at Rs. 200 pm and a servant at Rs. 750. For the assessment year 2023-24, compute taxable salary.



18. The following is the receipt and payment account maintained by a registered medical practitioner. An abstract of receipts and payments is given below. You are required to compute his income from profession for the assessment year 2023-24.

Particulars	Rs.	Particulars	Rs.
Balance b/d	78,000	Cost of medicine	8,000
Consultation fees	42,000	Surgical tools	6,000
Sale of medicine	15,000	Rent of dispensary	1,400
Visiting fees	20,000	Motor car	1,00,000
Interest on govt. Securities	3,500	Car expense	6,000
Rent from property	3,000	Salaries	5,300
Loan from bank for pvt use	2,000	Life insurance premium	2,500
		Interest on bank loan	200
		Property insurance	500
		OYT deposit	8,000
		Balance c/d	25,600
	<u>1,63,500</u>		<u>1,63,500</u>

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Additional information:

- (a) Half of the motor car expenses are meant for personal use.  
 (b) Depreciation allowable on car is 15% and surgical tools @25%.

19. Mr. Samy a resident of India, submits the following particulars of his income for the assessment year 2023-24.

Particulars	Rs.
Income from house let out(computed)	9,500
Profit from radio business	19,600
Profit from electric business	1,800
Speculation income	1900
Short-term capital gain	3,200
Long —term capital gain (jewellery)	9,250
Current years depreciation amounted to	2,500

The following items have been brought forward from preceding assessment year:

Loss from cycle businesses discontinued (2021-22)	3,900
Loss from electric business	2,700
Loss from radio business	1,900
Unabsorbed depreciation of electric business	1,000

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Particulars	Rs.
Unabsorbed family planning expenditure	2,600
Speculation loss	3,200
STCL from the year 2019-20	4,100
LTCL from the year 2020-21	6,450

You are required to compute his gross total income and deal with the carry forward of losses.

20. Write a note on Assessment procedure.

**NOVEMBER/DECEMBER 2023**

**DCM41/DCP41 — DIRECT TAXES**

Time : Three hours

Maximum : 75 marks

**SECTION A — (10 × 2 = 20 marks)**

Answer ALL questions.

1. Narrate – Assessment Year.
2. Express the term of Income.
3. Give the meaning of perquisite with example.
4. Spell out the meaning of Fair rental value.
5. How do you treat embezzlement of cash by cashier in computation of business Income?
6. Define Capital gain U/s 54.
7. What is meant by set off and carry forward of losses?
8. Show the provisions of clubbing of income of minor if Ram Parsad deposited Rs. 3,00,000 in the name of his minor grand son, Monu, under Fixed Deposit Account. The deposit carries an annual interest income of Rs. 50,000.

9. Expand PAN.

10. Best Judgement Assessment.

SECTION B — (5 × 5 = 25 marks)

Answer ALL questions.

11. (a) Mr. Ram, an Indian citizen leaves India for the first time on 31<sup>st</sup> May 2018 and comes back on 15<sup>th</sup> May 2021. Again leaves India on 10<sup>th</sup> June 2022 to come back on 14<sup>th</sup> January 2023. He is living in India since then. Determine his status for the previous year 2022-23.

Or

- (b) Classify the Income on the basis of exemption u/s 10.

12. (a) Mr. Mari is employed at Amritsar on a salary of Rs. 60,000 p.m. The employer is paying H.R.A. of Rs. 8,000 p.m. but the actual rent paid by him (employee) is Rs. 12,000 p.m. He is also getting 2% Commission on turnover achieved by him and turnover is Rs. 50,00,000. Calculate his gross salary.

Or

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(b) Compute ARV from Particulars given below

MRV	Rs. 60,000	FRV	Rs. 66,000
	p.a.		p.a.
Standard	Rs. 63,000	Real Rent	Rs. 6,000
Rent	p.a.		p.m.
Date of completion	31.05.2021	Date of letting	01.08.2021

13. (a) Write a note on Block of Assets with depreciation rate.

Or

- (b) Mr. Pawar had only one house in Bombay which he happens to sell on 10<sup>th</sup> October, 2022 for Rs. 28,00,000 lakhs. His expenses are as follows:

Cost of Plot	Rs. 3,20,000
Date of Purchase of Plot 15-12-2003	
Cost of Construction in 2007-08	Rs. 3,00,000
Additions made in 2009-10	Rs. 80,000
Determine the taxable amount of capital gains during the relevant previous years.	

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14. (a) The following investments are held by Mr. Laxman on 1.4.2022.

- (i) Rs. 40,000 10% U.P. Government Loan.
- (ii) Rs. 35,000 8% Debentures of a Sugar Mill Co. Saharapur
- (iii) Rs. 50,000 12% Debentures of Ugly Trading Co.

On 1.9.2022 he sold the debentures-cum-interest of Ugly Trading Co. and purchased Rs. 60,000, 15% debentures-cum-interest of Beauty Trading Co. Interest on investments is received half-yearly on 1<sup>st</sup> July and 1<sup>st</sup> January every year. Calculate income from securities for the previous year 2022-23.

Or

(b) If a professional man has his gross taxable income (i.e. income before allowing this deduction of Rs. 3,60,000 and pays rent of Rs. 5,000 p.m. at Varanasi, calculate the amount of deduction) u/s 80 GG.

15. (a) Classify the various types of filing of return.

Or

(b) Outline the terms tax evasion and tax avoidance.

# SECTION C — (3 × 10 = 30 marks)

Answer any THREE questions.

16. Explain the features of Income.

17. Mr. Seema Patri owns a house property at Cochin. It consists of 3 Independent units and information about the property is given below:

UNIT 1 : Own residence	
UNIT 2 : Let out	
UNIT 3 : Own business	
MRV	1,20,000 p.a.
FRV	1,32,000 p.a.
Standard Rent	1,08,000 p.a.
Rent	3,500 p.m
Unrealised rent	for three months
Repairs	10,000
Insurance	2,000
Interest on money borrowed for the construction of property	96,000
Municipal Taxes	14,400
Date of completion	01.11.2016
Compute income from house property.	

18. The following is the Profit and Loss Account of a merchant for the year ending 31.03.2022.

### PROFIT AND LOSS ACCOUNT

	Rs.		Rs.
To office salary	2,06,500	By Gross profit	4,36,750
To Bad Debts written off	1,700	By Commission	1,250
To Provision for Bad Debts	3,000	By Discounts	500
To Advertisement	53,800	By Sundry Receipts	200
To Fire Insurance Premium (House property)	550	By Rent of Building	3,600
To General Expenses	52,750	By Profit on Sale of investments	3,000
To Depreciation	1,200		
To Interest on Capital	2,000		
To Interest on Bank Loan (due)	1,300		
To Net Profit	122,500		
	<u>4,45,300</u>		<u>4,45,300</u>
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Compute the taxable profits from business. The amount of depreciation is Rs 1,000. Interest on Bank loan was paid on 1-8-2022 Due data of filing of return is 31-07-2022.

19. Mr. Satya furnishes the following particulars relating to his incomes and losses for the assessment year 2022-23

	Rs.
(a) Short-term capital gains	5,000
(b) Long-term capital gains (gold)	7,500
(c) Speculation profits	5,000
(d) Profits from Crockery Business	5,000
(e) Profits from Stationery Business	15,000
(f) Income from House property	10,000
(g) Income from Interest on securities	5,000
Following are brought forward items of losses and expenses from 2021-22:	
(i) Loss from provision stores (Discontinued during 2020-21)	5,000
(ii) Share of loss from Crockery Business	4,000
(iii) Unabsorbed Depreciation	3,000
(iv) Speculation loss	15,000
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(v)	Loss from Short Term Capital Assets	13,500
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Workout the treatment of set-off and carry forward of losses.

20. Dr. V.P Sharma whose age is 69 years has given following details of his income. Compute his tax liability for the assessment year 2022-23.

	Rs.
(a) Pension from Govt.	2,47,500
(b) Salary form a private sector company	6,50,000
(c) Long term capital gain	36,500
(d) Interest on fixed deposit with Bank	72,600
(e) Deposited Rs. 10,000 in MEP (an Equity Linked Saving Scheme) and Rs. 10,000 in NSS 1992.	



APRIL/MAY 2023

**DCM41/DCP41 — DIRECT TAXES**

Time : Three hours

Maximum : 75 marks

**SECTION A — (10 × 2 = 20 marks)**

Answer ALL questions.

1. Define the term Assessee.
2. What is meant by income?
3. What do you mean by perquisite?
4. What is Fair rental value?
5. What is business?
6. What is CII?
7. Mention the rules regarding deductions u/s 80GG.
8. What is set -off losses?
9. What is Tax Planning?
10. What is tax evasion?

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SECTION B — (5 × 5 = 25 marks)

Answer ALL questions.

11. (a) Compare Previous Year with Assessment Year.

Or

- (b) Mr. Jose a citizen of Japan, comes to stay in India from Japan in October, 2020. Prior to this, he has been visiting India for 3 months from January to March every year since 2015. Determine his residential status.

12. (a) Compute the taxable HRA:

Basic Pay Rs. 1,20,000, DA Rs. 24,000  
Commission Rs. 6,000, HRA received  
Rs. 36,000 : Rent paid Rs. 4,000 pm in  
Chennai.

Or

- (b) Compute NAV: Rs.

FRV 45,000  
MPV 37,500  
ARV 43,200  
Municipal Taxes Paid 3,000

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13. (a) Explain the general Principles of Computing income from business.

Or

- (b) Compute depreciation from the given date for the AY 2021-22

Particulars	WDV On 01.04.2020	Addition	Rate By
Furniture	25,000	5,000	10%
Residential House	1,50,000	1,00,000	5%
Books	5,000	—	40%

14. (a) Compute the taxable capital gain from the particulars given below:

Net sale consideration of a residential house  
Rs. 17,00,000 (2.6.20) (CII, 301)  
Cost of acquisition of house Rs. 3,00,000  
(1.5.09) (CII.129)  
New house acquired on 1.5.20 for  
Rs. 2,50,000

Or

- (b) Mr. X. furnishes the following details:

Salary (Computed) Rs. 42,000

HP income (computed):

House 'A' Rs. 38,000 (income)  
House 'B' Rs. 17,000 (loss)  
House 'C' Rs. 21,000 (loss)

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2771

15. (a) Write down the procedure for e-filing of returns.

Or

- (b) Distinguish between tax evasion and tax avoidance.

SECTION C — (3 × 10 = 30 marks)

Answer any THREE questions.

16. What is the scope of total income of a person under IT act?

17. Income details of Guru for the FY 2020-21 are as follows:

Salary	–	Rs. 5,000 P.M
DA	–	Rs. 2,000 P.M
EA	–	Rs. 300 P.M
Employer's contribution to RPF	–	Rs. 7,900 P.A
Interest credited to RPF @ 9.5%		Rs. 1,000
CCA	–	Rs. 150 P.M.
Medical Allowance		Rs. 100 P.M
HRA	–	Rs. 600 P.M (Rent Paid Rs. 750 PM)

Calculate salary income for the A.Y 2021-22.

18. Compute business income from the P and L account given below:

	Rs	Rs
To General expenses	17,000	By Gross Profit 66,000
To Interest on Capital	2,000	By Profit on sale of car 15,000
To Salary to Proprietor	12,000	By Bad debts recovered (earlier allowed) 5,000
To Staff Salary	18,000	By Interest on securities 8,000
To Bad debts	2,000	By Dividend 8,000
To Fire Insurance (Stock)	1,500	
To Depreciation	3,000	
To Provision for Bad debts	4,500	
To Income Tax	5,000	
To Donation to a School	4,000	
To Car Expenses	3,000	
To Net profit	30,000	
	<u>1,02,000</u>	<u>1,02,000</u>



19. Compute taxable income of MrX from the details given below:

GTI (including LTCG Rs 60,000) Rs. 2,40,000

Amount spent for medical treatment of a dependent who is affected by severe disability Rs. 60,000

Payment of insurance premium by cheque towards the health of himself Rs. 12,000.

Donation to National Defence Fund Rs. 5,000

20. Write down the procedure for Computing tax liability of an individual.
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**NOVEMBER/DECEMBER 2022**

**DCM41/DCP41 — DIRECT TAXES**

Time : Three hours

Maximum : 75 marks

**SECTION A — (10 × 2 = 20 marks)**

Answer ALL the questions.

1. What is Assessment Year?
2. State the rule for finding out the residential status of an individual.
3. What do you mean by the term Gratuity?
4. State the rule for HRA Calculation.
5. Write a note on the term 'Perquisites'.
6. Define the term Fair Rental Value.
7. Write the format for the computation of Net Annual Value.
8. Differentiate Business from Profession.
9. What is PAN?
10. What is meant by tax holiday?

**2013**

SECTION B — (5 × 5 = 25 marks)

Answer ALL the questions.

11. (a)

For the accounting year ended 31.3.2022. Mr. Shasikant furnishes the following particulars of his income,

- (i) Salary received in India Rs. 60,000.
  - (ii) Profit from business in Germany but received in India Rs. 15,000.
  - (iii) Income from house property in Pakistan, deposited in a bank there Rs. 12,000.
  - (iv) Profit from business established in Bangladesh but business is controlled from India Rs. 46,000.
  - (v) Income accrued in India but received in Sweden Rs. 25,000.
  - (vi) Profit on sale of plant at Mumbai (50% received in Bangkok) Rs. 1,60,000.
  - (vii) Interest on Japan development Bonds (60% received in India) Rs. 1,00,000.
- Find the total income if he is a
- (1) Resident
  - (2) Not ordinarily resident
  - (3) non resident

Or

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2013

- (b) Mr. Shiva earns the following income during the F.Y: 2021-2022.

- (i) Dividend from Indian company Rs.10,000/-
- (ii) Pension from former employer in India received in USA Rs.40,000/-
- (iii) Profit from business in Paris controlled in India Rs.2,00,000/-
- (iv) Income from house property in Sri Lanka received there Rs.40,000/-
- (v) Income from agriculture in Bhutan received there and Brought to India Rs.50,000/-
- (vi) Past untaxed income brought into India during this P.Y Rs.42,000/-
- (vii) Salary received in India Rs.60,000/-
- (viii) Income earned in India received in UK Rs.7,000/-

Compute taxable income if he is (1) resident (2) not ordinarily resident (3) non-resident.

12. (a) Explain the various types of Provident fund.

Or

- (b) What are the Characteristics of Salary?

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13. (a) Kumar, a lawyer by profession keeps his cash book as per cash system of accounting. The following is the summary of his cash book for the year ended 31-3-2021.

Receipts	Rs.	Payments	Rs.
To balance	5,000	By rent of chamber	2,400
To fees	35,000	By car expenses	3,600
To remuneration		By household expenses	12,000
as examiner	3,000	By local taxes for	
To interest on bank deposit	2,500	the house	1,200
To rent form		By repairs of the house property	4,000
house property	8,000	house	
To dividends	1,600	By LIC premium for Self	4,800
		By cost of books for profession	4,000
		By medical treatment of self	5,000
		By balance	18,100
	<u>55,100</u>		<u>55,100</u>

#### Additional information

- 1/3rd of the house is used by Kumar for his own residence.
- Kumar is insured for Rs.40,000.
- Kumar has to get Medical Treatment for an eye ailment caused by intensive study of law books.

- 1/2 of the car expenses relate to personal use of the car by Kumar.
- Depreciation computed at the prescribed rate on the written down value of the car is Rs.2,000.

Compute his income from profession.

Or

- (b) Agricultural land situated in Agra purchased in 2003-04 for Rs.46,400 sold for Rs.3,80,000 on 1.5.2019. The Assessee purchased another piece of agricultural land on 1-8-2019 for Rs.70,000 and deposited Rs.30,000 on 24.6.2019 in capital gain amount scheme.

Find out the capital gain chargeable to tax for the AY 2020-21. The cost of Inflation index in 2003-04 was 109 and in 2019-20 was 289, 2020-21 was 317.

14. (a)

Mr. X purchases a house property for Rs.26,000 on 10 May 1962. He gets the first floor of the house constructed in 1967-68 by spending Rs.40,000. He dies on 12th September 2003. The property is transferred to Mrs. X by his will. Mrs. X spends Rs.80,000 and Rs.26,700 during 2006-07 and 2008-09 respectively for reconstruction of the property. Mrs. X sells the house property for Rs.95,00,000 on 15th March 2019 (Brokerage paid by Mrs. X

is Rs.41,500). The fair market value of house on 1<sup>st</sup> April 2001 is Rs.4,60,000. CII for 2006-07 is Rs.122, 2008-09 is Rs.137, for 2019-20 is Rs.289, for 2001-02 is Rs.100, for 2003-04 is Rs.109, 2021-22 was 317. Compute the capital gains chargeable to tax in respect of the above transactions for the financial year 2021-22.

Or

(b) Wye is an owner of a small shop at Bombay. Determine his net income on the basis of the following Profit and Loss a/c for the year ending March 31, 2021

Particulars	Rs.	Particulars	Rs.
Opening Stock	1,04,000	Sales	20,51,000
Purchases	10,08,750	Closing stock	2,10,000
Salaries and Wages	1,75,000		
Rent and Rates	1,31,000		
Commission	21,500		
Household expenses	20,000		
Income Tax for 2015-16	36,100		
Advertisement	5,000		

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Particulars	Rs.	Particulars	Rs.
Postage and Telegram	4,000		
Interest on Capital	84,000		
Reserve for Doubtful Debts	3,400		
Depreciation on Furniture	18,000		
Net Profit	6,50,250		
	<u>22,61,000</u>		<u>22,61,000</u>

#### Additional Information

- Closing stock and opening stock have been consistently valued at 20% below cost price.
- Written down value on furniture on 1.4.2019 was Rs.1,72,000, rate of depreciation is 10%.
- Amount of sales includes a sum of Rs.41,250 representing the value of goods withdrawn for the use of proprietor's family members. These goods were purchased at a cost of Rs.27,850.

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(iv) Household expenses include a contribution of Rs. 11,750 towards public provident fund.

(v) Mr. Wye has paid Rs.1,00,000 to IIT Chennai for carrying out programmes of scientific research.

15. (a) Detail the different exemptions available under section 800.

Or

(b) Describe the term "Tax Evasion".

### SECTION C — (3 × 10 = 30 marks)

Answer any THREE questions.

16. From the following details compute the total income of Sachin a resident of Mumbai for the assessment year 2022-23.

Salary including dearness allowance	Rs.90,000
Bonus	Rs.9,600
Contribution to RPF paid by employer	Rs.6,000
LIC premium paid by employer	Rs. 19,000
Rent paid by employer for flat provided	Rs.45,000
Cost of furniture provided by the employer at the aforesaid flat	Rs.40,000
Rent recovered from Sachin by the employer	Rs.12,000

Bills paid by the employer for gas, electricity and water provided free of cost at the above flat Rs.3,000. Sachin was provided with company's car (self-driven) for official and also for personal use with effect from October 3,2006; it is not possible to determine expenditure on personal use and all expenses were borne by the employer.

Sachin is also provided with sweeper (salary Rs.400 p.m.) and Gardener (Rs.500 p.m.) throughout the year.

17. Mr. Verma is the owner of two houses which he uses for his own residence. He gives the following details about these houses for the PY 2020-21.

	House I	House II
	Rs.	Rs.
Municipal value	48,000	1,20,000
Fair rental value	60,000	1,44,000
Municipal taxes paid	4,800	12,000
Fire insurance premium	5,000	6,000
Interest on housing loan	32,000	72,000
His other incomes are	Rs.3,00,000	Advise
Mr. Verma which house he should opt for self occupation concession.		



18. Mr. Landlord is the owner of two houses. In respect of these he has furnished the following particulars:

	House A	House B
(a) Date of completion of construction	31.3.1996	1.7.2000
(b) MRV	3,60,000	6,00,000
(c) ARR	3,00,000	60,000 p.m.
(d) Municipal taxes paid	36,000	30,000 (due)
(e) Ground Rent	1,000	7,800
(f) Interest on loan taken for construction	50,000	1,82,000

Compute his income from house property for the assessment year 2021-22. Out of the Municipal Taxes of House A, Rs. 18,000 are paid by the tenant.

19. From the following particulars calculate the tax liability of Mr. Allwin for the assessment year 2022-23.

- (a) Income from salary Rs. 6,00,000 [Gross]
- (b) Income from house property Rs. 2,40,000
- (c) Income from long term capital gain Rs. 60,000
- (d) Income from other sources Rs. 40,000

Identify the tax liability

20. Discuss the administrative hierarchy of tax authorities.

**APRIL/MAY 2022**

**DCM41/DCP41 — DIRECT TAXES**

**Time : Three hours**

**Maximum : 75 marks**

**SECTION A — (10 × 2 = 20 marks)**

**Answer ALL questions.**

1. Define Previous year.
2. Who is called as a person?
3. Give two examples of fully taxable allowances.
4. What is standard rent?
5. Define Business.
6. What is depreciation?
7. What is meant by casual income?
8. What is GTI?
9. What is e-filing?
10. What is Tax evasion?

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SECTION B — (5 × 5 = 25 marks)

Answer ALL questions.

11. (a) Examine the various types of assesses.

Or

- (b) Mr. A comes to India for the first time on 1.8.20. During his stay in India, he stayed upto 25.10.21 in Chennai and thereafter in Mumbai. Determine his residential status for the Previous Year 2020-21.

12. (a) Calculate taxable HRA from the following :

HRA received Rs. 1,000 p.m.  
Rent paid for the house is Rs. 1,500 p.m.  
Salary Rs. 10,000 p.m. DA Rs. 500 p.m.

Or

- (b) Compute GAV :

Actual rent received Rs. 21,600  
Municipal Value Rs. 19,200  
Fair rental Value Rs. 19,800  
Standard rent Rs. 21,000

2

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13. (a) List down the expenses allowable in computing business income.

Or

- (b) From the following figures, ascertain depreciation admissible for AY 2021-22 :

Particulars	Plant & Machinery	Building
NDV at the beginning	2,50,000	10,00,000
Additions during the year	3,00,000	Nil
Sales during the year	6,00,000	3,00,000

14. (a) Mr. Suman held the following securities on 01.04.2020 :

Rs. 86,000 4% Securities of Gujarat Government  
Rs. 92,000 9% Securities of MP Government  
Rs. 80,000 6% debentures of A Ltd.,  
Rs. 10,000 9% Government bonds.

Find out his income from other sources.

Or

3

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- (b) Calculate deduction U/s 80 C from the following :

	Rs.
Contribution to RPF	15,000
Contribution to NSC VIII issue	11,000
Insurance premium on own life	25,000
(Sum assured Rs. 15,00,000 -	
Contribution towards the life of his wife	2,500
(sum assured Rs. 45,000)	

15. (a) Narrate the procedure for e-filing.

Or

- (b) What is Tax Planning? State its need.

#### SECTION C — (3 × 10 = 30 marks)

Answer any THREE questions.

16. Describe any ten exempted incomes.

17. Compute salary income from the following :

Salary	Rs. 6,250 p.m.
DA	Rs. 3,000 p.m.

(50% enters into retirement benefits)

Commissioner @ 2% on turnover of Rs. 8,00,000

Bounces Rs. 6,000

RPF contribution by employer and employee @ 14% of salary each.

Interest credited on RPF @ 11% being Rs. 5,500.

18. P & L account of Ram for the year ended 31.12.2021 is given below :

To Opening stock	15,000	By Sales	1,80,000
To Purchases	40,000	By Closing Stock	20,000
To Wages	20,000	By Gift from father	10,000
To Rent	46,000	By Returned of	
To Car repair expenses	3,000	income tax	3,000
To Wealth Tax	2,000		
To Medical expenses	3,000		
To General expenses	10,000		
To Car depreciation	4,000		
To Income tax	1,000		
To Net profit	69,000		
	<u>2,13,000</u>		<u>2,13,000</u>

- (a) 50% of rent for own purpose.

- (b) 3/4 of car was used for business and 1/4 for personal use.

- (c) Wages include Rs. 250 p.m. an account of motor car driver's wages for 10 months.  
Find out business income.

19. From the following particulars, calculate total income.

	Rs.
Loss from business	2,00,000
Depreciation	40,000
House property income	4,00,000
Items carried forward from earlier year	
business loss of AY 2020-21	2,40,000
Unabsorbed depreciation	1,00,000

20. Point out the procedure for findings out the tax liability of an individual.
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IV - Sem  
APRIL/MAY 2015

**HCM41/PCM41 — DIRECT TAXES**

Time : Three hours

Maximum : 75 marks

**SECTION A — (5 × 6 = 30 marks)**

Answer ALL questions.

1. (a) For the assessment year 2012-13, x is non-resident in India. From the information given below, find out his income chargeable to tax for the assessment year 2012 – 13.

Rs.

- |       |                                                                                                                                                                                           |          |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| (i)   | Royalty received by him outside India from the Government of India.                                                                                                                       | 17,000   |
| (ii)  | Technical fees received from A Ltd. (an Indian Company) in Germany for advise given by him in respect of project situated in Iran.                                                        | 1,17,000 |
| (iii) | income from a business situated in Sri Lanka (goods are sold in Sri Lanka, sale consideration is received in Sri Lanka but business is controlled partly in Sri Lanka and partly in India | 2,17,000 |
| (iv)  | Income from a business connection in India (It is received outside India).                                                                                                                | 17,000   |

Or



(b) During the previous year 2011-12, a charitable trust gets the following income :

- (i) Voluntary contributions (with specific direction that they shall form part of the corpus of the trust) Rs. 12,90,000.
- (ii) Voluntary contributions (without any specific direction Rs. 18,30,000.
- (iii) Income from property held in trust Rs. 8,66,000.

During the previous year 2011-12, the trust spends Rs. 8,90,000 for charitable purpose in India. Besides, it gives donation of Rs. 85,480 to public charitable trusts. It sets apart Rs. 14,00,000 for the purpose of construction of a charitable hospital upto March 31, 2017.

Determine the taxable income of the trust on the assumption that the trust utilises Rs. 8,70,000 upto March 31, 2018 for the purpose of completing construction of a charitable hospital. Besides out of the accumulated amount, the trust gives a donation of Rs. 1,00,000 to another charitable trust.

2.

(a) X (age 42 years) is a salaried employee

(salary being Rs. 40,000 per month). During the previous year 2011-12, he makes the following investment deposits on payments –

- (i) Life insurance premium on the life of his married daughter Rs. 6,000 (sum assured : Rs. 20,000);
  - (ii) Life insurance premium on his own life Rs. 2,700 (sum assured : Rs. 60,000);
  - (iii) Life insurance premium on the life of his dependent sister Rs. 10,000.
  - (iv) Contribution towards recognised provident fund Rs. 9,000.
  - (v) Contribution towards public provident fund Rs. 30,000.
  - (vi) Repayment of loan taken from LIC for purchase of residential house property Rs. 30,000.
  - (vii) Contribution towards notified equity – linked saving scheme of UTI (ie, MEP 2012) Rs. 14,000.
- Find out the tax liability of X for the assessment year 2012 – 13, assuming that income from house property is Rs. 18,600.

Or

- (b) X & Co (a firm of X and Y with unlimited liability) is engaged in the business of whole sale trading (turnover of 2011 – 12 being Rs. 57,80,000). It wants to claim the following deduction.

	Rs.
Salary and interest to partners (as permitted by section 40 (b))	60,000
Salary to employees	4,90,000
Depreciation Rs.	2,70,000
Cost of material used	45,90,000
Other expenses	<u>3,45,000</u>
Total	<u>57,55,000</u>
Net profit (Rs. 57,80,000 – 57,55,000)	25,000

Determine the net income of X & Co for the assessment year 2012 – 13 assuming that long-term capital gain is Rs. 40,000 and the firm is eligible for a deduction of Rs.5,000 under section 80 G.

3. (a) X (HUF) is a Hindu Undivided Family. The family acquires a residential house at Delhi, for Rs. 2,10,000 on April 1, 2009. The family undergoes complete partition on November 1, 2009 and the residential house is allotted to Y, a member of the family. Y sells the house on March 15, 2012 for Rs. 6,90,000. Determine the amount of chargeable capital gains in the case of X (HUF) and Y.

Or

- (b) X is a resident individual. He suffers from a severe disability as certified by medical authority. He is mainly dependent upon his brother Y for support and maintenance. Y annually incurs a sum of Rs. 5,000 on medical treatment of X. Income of X and Y is Rs. 10,000 and Rs. 6,00,000. Find out the net income of X and Y for the assessment year 2012 – 13.

4. (a) Profit and loss a/c of XY and Co (a limited liability firm) for the year ending March 31, 2012 is as follows :

	Rs.	Rs.
Cost of goods sold	2,80,000	Sales 7,92,000
Other expenses	3,91,000	Net loss 2,72,000
Interest to partners	1,25,000	
Remuneration to partners	<u>2,68,000</u>	
	<u>10,64,000</u>	<u>10,64,000</u>

Out of other expenses debited to profit and loss a/c, Rs. 63,600 is not deductible under sections 30, 36 and 37(1). Interest to partners is not deductible to the extent of Rs. 17,100. The firm satisfies all conditions sections 184 and 40 (b). Compute remuneration deductible.

Or

- (b) How advance tax is computed? – Explain.



5. (a) Write note on Regular Assessment.

Or

- (b) Explain the provisions regarding to Wealth Tax authorities.

SECTION B — (3 × 15 = 45 marks)

Answer any THREE questions.

6. For the assessment year 2012 – 13, X, an individual (age 62 years), submits the following information :

House property income – Rs. 1,25,000

Income from the business of growing and manufacturing coffee in India (gross) – Rs. 4,00,000.

Expenditure on earning coffee income – Rs. 2,000.

Determine the tax liability of X for the assessment year 2012 – 13 on the assumption that he contributes Rs. 20,000 towards public provident fund.

7. X (age : 30 years) owns four houses which are used by him for his residential purposes :

	House I	House II	House III	House IV
	Rs.	Rs.	Rs.	Rs.
Municipal Valuation (MV)	30,000	70,000	92,000	28,000
Fair Rent (FR)	40,000	58,000	96,000	37,000
Standard Rent (SR)	37,000	74,000	NA	36,000
Municipal tax paid by X	3,000	16,000	29,000	12,000
Insurance premium	1,000	2,000	11,700	2,810
Interest on capital borrowed for purchase/construction (inclusive of one-fifth of pre-construction period's interest, wherever applicable) (Capital was borrowed before April 1, 1999 in the case of Houses I, III and IV. IN the case of House II capital was borrowed on April 16, 2009)	11,060	75,900	54,090	85,300
Repayment of loan taken from LIC for acquiring house property	Nil	6,000	17,000	2,000

Find out the net income and tax liability of X for the assessment year 2012-13 taking into consideration the following information :

- (a) Income of X from other sources is Rs. 14,75,000.



(b) X has deposited Rs. 8,000 in the public provident fund during the previous year 2011 – 12.

(c) For the assessment year 2011 – 12, House III was considered for the benefit of section 23 (2) (a) (i). X would like to change the option if it is permissible under law and if it is otherwise beneficial for reducing tax bill.

8. X (44 years) is a businessman. For the previous year 2011 – 12, his business income is Rs. 18,00,000. During 2004-05, a plot of land owned by X was compulsorily acquired by the Gujarat Government. Initial compensation of Rs. 16,00,000 was received by X in 2005-06. On X's appeal the Gujarat High Court has increased the compensation from Rs. 16,00,000 to Rs. 20,00,000. On July 1, 2011, he has received the additional compensation of Rs. 4,00,000 along with interest of Rs. 70,000 (as directed by the High court and it is calculated from 2004-05 onwards). To get compensation enhanced, X has spent a sum of Rs. 45,000 (it includes advocate fees as well as other incidental expenses).

On March 1, 2012 X purchases a Raja Ravi Ram painting from a friend for Rs. 1,00,000. However, its market value is not less than Rs. 3,00,000. On the same day, he purchases a second hand car for Rs. 80,000. Its market value is not less than Rs. 1,40,000.

X annually deposits Rs. 30,000 in public provident fund. Find out the net income and tax liability of X for the assessment year 2012 – 13.

9. For the assessment year 2012 – 13, X (age : 38 years), a non-resident individual, furnishes the following information :

Income from house property	– Rs. 2,18,500
Business income	– Rs. 1,05,000
Short-term capital gains	– Rs. 4,22,000
Long-term capital gains	– Rs. 2,02,500
Income from owning and maintaining race horses	– Rs. 1,15,000.
Income from card games	– Rs. 2,16,000

Besides, X has the following brought forward losses / allowances :

Brought forward business loss of the assessment year 2007-08 – Rs. 1,12,000

Unabsorbed depreciation allowance of the assessment year 2005-06 – Rs. 2,06,000

Long-term capital loss in respect of the assessment year 2010-11 – Rs. 2,47,200

Brought forward loss from the activity of owning and maintaining race horses of the assessment year 2009-10 – Rs. 1,25,000

Speculation losses of the assessment year 2008-09

Determine the net income and tax liability of X for the assessment year 2012-13.

10. Explain in detail the power of income tax authorities.
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