

Code : 313302

**B.Com Professional 3rd Semester
Exam., 2020**

TAXATION LAWS

Time : 3 hours

Full Marks : 60

Instructions :

- (i) The marks are indicated in the right-hand margin.
- (ii) There are **SEVEN** questions in this paper.
- (iii) Attempt **FIVE** questions in all.
- (iv) Question Nos. **1** and **2** are compulsory.

1. Answer any six of the following questions :

2×6=12

- (a) Define the term 'income'. Distinguish between the gross total income and total income.
- (b) Discuss the difference between tax planning and tax evasion.
- (c) Explain how tax liability of an assessee is determined with reference to his residence.
- (d) How is residence of assessee determined for income tax purposes?
- (e) Explain the concept of 'Exempted Income'.

- (f) What is meant by perquisites? Discuss.
- (g) What are the provisions of the Income-tax Act regarding leave travel concession?
- (h) Discuss the fully tax-free allowances.
- (i) What is meant by annual value of property? Discuss.
- (j) State the rates of income tax for individuals.

2. Answer any three of the following questions :

4×3=12

- (a) What are the incomes that are chargeable to income tax under the head Salaries?
- (b) What are the provisions of the Income-tax Act regarding the admissibility of the interest on loan taken for the construction of the house for the period prior to the completion of construction of the house?
- (c) What are the allowances that are admissible in determining the income from business?
- (d) Describe the method of computing income under the head Income from Other Sources. Discuss.

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(3)

- (e) What are the provisions of Income-tax Act regarding cash credits and unexplained money?

Answer any *three* from the following : $12 \times 3 = 36$

3. The following are the income of Shree Deepak for the previous year 2015-16 :

	₹
(i) Dividend from Indian company	10,000
(ii) Profit from business in Japan received in India	12,000
(iii) Profit from business in Pakistan deposited in bank there (This business is controlled from India)	20,000
(iv) Profit from business in Indore (Controlled by London Head Office)	11,000
(v) Interest received from a non-resident Mr. Abdul on the loan provided to him for a business carried on in India	5,000
(vi) Income was earned in America and received there, but brought in India	8,000
(vii) Share of income from Indian partnership firm	15,000
(viii) Interest on debentures of an Indian Company received in Dubai https://www.akubihar.com	5,000
(ix) Income from house property in India received in America (Calculated)	12,000
(x) Capital gain on sale of agricultural land situated in Ajmer (Urban Area)	8,000

Compute his taxable income, if he is
(a) resident, (b) non-ordinarily resident,
(c) non-resident.

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(4)

4. Mr. X is employed in a factory (owned by individual) on a monthly salary of ₹20,000. In addition to the salary, he received a bonus of two months salary during the previous year. The factory has provided the assessee with a rent-free unfurnished accommodation. The rent paid by the employer ₹1,400 per month. One son of the assessee is studying in the USA and his expenses are borne by the employer, which for the accounting year amounts to ₹14,000. He is provided with a small car by the employer which he uses partly for private purpose and partly for official purpose. All the expenses in respect to the car are paid by the factory. He is getting entertainment allowance @ ₹800 per month. Find out his taxable income from salary for the assessment year 2016-17.

5. Mr. A let out a house to Mr. B on 1.4.2008 @ ₹3,000 per month for five years. After the expiry of five years, Mr. B refused to vacate the house. Hence, Mr. A filed a suit to get the house vacated and incurred expenses ₹1,000 in this connection. Later on, Mr. A agreed to renew the tenancy for five years w.e.f 1.4.2013 if B pays him rent @ ₹4,000 per month B agreed to it and paid the arrears of rent from 1.4.2013 to 31.3.2015 on 1.6.2015.

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Mr. A paid the following amount during the previous year :

- (i) House tax ₹ 6,000
- (ii) Insurance premium ₹ 800
- (iii) Ground rent ₹ 500

Find out the income from house property for the assessment year 2016-2017.

6. Mr. Ram had been living in a house which he purchased in 1981-82 for ₹ 2,00,000.

The house was acquired by the Government in July 2015 and compensation of ₹ 24,00,000 was paid to him. He purchased a residential house in February 2015 at ₹ 4,40,000. The additional compensation of ₹ 70,000 will be given to him in March 2017. If he sells the new residential house in October 2016 at ₹ 5,60,000, compute the amount of capital gains chargeable to tax for the assessment years 2016-17 and 2017-18. The cost inflation index in 1981-82 was 100 and in 2015-16 it was 1081.

7. From the following information, compute the total income of an individual for the assessment year 2016-17 :

- (i) Salary after deduction of provident fund contribution and income tax ₹ 2,97,000

- (ii) Income tax deducted on salary ₹ 3,000
- (iii) His contribution to recognised provident fund ₹ 20,000
- (iv) Employer's contribution to provident fund ₹ 20,000
- (v) Interest credited to provident fund ₹ 6,200 @ 9.5%
- (vi) Net dividends received from domestic company ₹ 8,950
- (vii) Interest on Saving Bank A/c ₹ 3,000
- (viii) Life Insurance premium paid ₹ 2,000
