

B.B.A. (Part—II) Semester—III Examination
BBA/305 : DIRECT TAX LAW

Time : Three Hours]

[Maximum Marks : 80

Note :— ALL Sections and questions are compulsory.

SECTION—A

I. Multiple choice questions. Only first answer will be assessed and allotted marks :

1 mark each

- (1) An individual resident in India, whose total income does not exceed ₹ 3,50,000, shall be entitled to a deduction upto _____ from the amount of income-tax with which he is chargeable for any assessment year (sec. 87A)
- (a) ₹ 1,000 (b) ₹ 2,500
(c) ₹ 3,500 (d) ₹ 5,000
- (2) If the income of an individual includes the income of his minor child or minor children, such individual shall be entitled to exemption of actual amount or _____ in respect of each minor child, whichever is less.
- (a) ₹ 2,000 (b) ₹ 3,000
(c) ₹ 1,500 (d) ₹ 2,500
- (3) _____ income is that income the receipt of which is accidental and without any stipulation.
- (a) Business (b) Agricultural
(c) Casual (d) Revenue
- (4) Under Income Tax Act, an assessee means a person :
- (a) Who is liable to pay any tax
(b) Who is liable to pay any other sum of money under this Act
(c) Who is deemed to be an assessee in default under any provision of this Act
(d) All the above
- (5) _____ is given by the employer to the employee to meet the expenses in connection with rent of the accommodation which the employee might have to take.
- (a) DA (b) HRA
(c) Rent Free Accommodation (d) CCA

- (6) _____ is a payment made by the employer to an employee in appreciation of the past services rendered by the employee.
- (a) Pension (b) Provident Fund
(c) Gratuity (d) Keyman Insurance Policy
- (7) Employer's contribution in _____ in excess of 12% of salary is taxable.
- (a) SPF (b) PPF
(c) URPF (d) RPF
- (8) _____ is fully taxable in the hands of all employees, whether government or non-government.
- (a) Uncommuted pension (b) Commuted pension
(c) Pension and gratuity (d) None of the above
- (9) The basis of calculating income from House Property is the _____.
- (a) Expected Rent (b) Municipal Value
(c) Annual Value (d) Standard Rent
- (10) NAV of a house property can be negative only when the Municipal taxes paid by the owner are _____ than the gross annual value.
- (a) Less (b) Equal
(c) More (d) Any other situation
- (11) The scheme u/sec. 44 AE is applicable to an assessee who owns not more than _____ goods carriage at any time during the previous year.
- (a) 10 (b) 12
(c) 15 (d) 18
- (12) Weighted deduction of 150% for expenditure incurred on agricultural extension project under sec. 35 CCC is allowed to _____.
- (a) Any assessee (b) Company assessee only
(c) Both (a) and (b) (d) None
- (13) _____ means what the transferor receives, or is entitled to receive as consideration for the capital asset transferred.
- (a) Cost of acquisition (b) Cost of improvement
(c) Full value of consideration (d) Deemed cost of acquisition.

- (14) Capital asset does not include _____.
(a) Jewellery (b) Stock-in-trade
(c) Archaeological collections (d) Any work of art
- (15) Exchange of gifts among _____ will be treated as unexplained cash credit (u/sec. 68) and is taxable.
(a) Relatives (b) Unknown persons
(c) On marriage (d) Friends
- (16) Which of the following amounts shall be allowed as deduction in computing under the head 'Income from Other Sources' ?
(a) Any personal expenses of assessee
(b) Any expenditure incurred wholly and exclusively for the purpose of earning such income
(c) Any sum paid on account of Wealth Tax
(d) Expenses or losses in connection with income from lottery, cross word puzzles, races and gambling
- (17) Deductions u/sec. 80 C are allowed only to _____ from their gross total income.
(a) An individual (b) A Hindu Undivided Family
(c) Both (a) and (b) (d) None
- (18) The deduction in respect on loan taken for residential house property (sec. 80 EE) shall not exceed _____.
(a) ₹ 50,000 (b) ₹ 35,00,000
(c) ₹ 50,00,000 (d) ₹ 35,000
- (19) The maximum amount allowable as deduction u/sec. 80 C is _____.
(a) ₹ 2,50,000 (b) ₹ 1,50,000
(c) ₹ 1,00,000 (d) ₹ 75,000
- (20) The quantum of deduction in respect of royalty on Patents u/sec. 80 RRB is whole of such income or _____, whichever is less.
(a) ₹ 3,50,000 (b) ₹ 2,50,000
(c) ₹ 1,50,000 (d) ₹ 3,00,000

SECTION—B

II. Short answer type questions : 4 marks each

(1) (a) Explain Previous Year and Assessment Year.

OR

(b) What is Gross Total Income ?

(2) (a) A is entitled to a basic salary of Rs. 50,000 p.m. and dearness allowance of Rs. 10,000 per month, 40% of which forms part of retirement benefits. He is also entitled to HRA of Rs. 20,000 p.m. He actually pays Rs. 20,000 p.m. as rent for a house in Delhi. Compute the taxable HRA.

OR

(b) X an employee of the Central Government, gets Rs. 30,000 p.m. as basic salary and is entitled to Rs. 1,500 p.m. as entertainment allowance. Compute the deduction under section 16(ii) from gross salary in respect of entertainment allowance.

(3) (a) Discuss the provisions relating to expenses on scientific research.

OR

(b) What is NAV ?

(4) (a) Define Long Term Capital Assets.

OR

(b) Which deductions are allowable under the head income from other sources ?

(5) (a) Explain the provisions related to deduction under section 80 EE.

OR

(b) What are the provisions related to deductions under section 80 U ?

SECTION—C

III. Long answer type questions : 8 marks each

(1) (a) Define 'Agricultural Income' and 'Casual Income'.

OR

(b) Discuss the provisions regarding Income of Political Parties.

(2) (a) Suresh was employed with ABC Ltd. He retired w.e.f 1.2.2018 after completing a service of 24 years and 4 months. He submits the following information :

Basic Salary — Rs. 25,000 p.m. (at the time of retirement)

Dearness Allowance — 100% of basic salary (40% of which forms part of salary for retirement benefits)

Last increment — Rs. 2,500 w.e.f 1.7.2017

His pension was determined @ Rs. 15,000/- per month. He got 50% of the pension commuted w.e.f. 1.3.2018 and received a sum of Rs. 5,00,000 as commuted pension. In addition to this, he received a gratuity of Rs. 6,00,000 and leave encashment amounting to Rs. 2,80,000 on account of accumulated leave of 240 days. He was entitled to 40 days leave for every year of service.

Compute his Gross Salary for assessment year 2018 assuming that he is not covered under Payment of Gratuity Act.

OR

- (b) Rajesh is employed with FAN Ltd. on a monthly salary of Rs. 25,000 p.m. The company provides him with the following benefits :
- (i) A company owned accommodation is provided him in Delhi.
 - (ii) The company has given him a housing loan of Rs. 5,00,000 on 1.4.2017 on which it charges interest @ 6% per annum. The entire loan is still outstanding (assume the interest charged by SBI is @ 10% per annum).
 - (iii) The company gave him gift worth Rs. 15,900 on his 50th birthday on 21.10.2017.
 - (iv) The company pays the telephone bills of Rs. 24,000 for the telephone installed at the residence of Rajesh.

Compute the Gross Income from salary of Rajesh for the assessment year 2018-19.

- (3) (a) Piyush owns a house property which is self occupied by him till 30.11.2017 and thereafter let out for Rs. 10,000 p.m. The municipal value of house property is Rs. 1,00,000 and the fair rent is Rs. 1,20,000. Piyush paid Rs. 1,50,000 as municipal taxes during the previous year which relate to past years as well as for current year.

Determine the income from house property assuming the insurance premium and interest paid during the year were Rs. 3,000 and Rs. 25,000 respectively.

OR

- (b) Discuss the provisions related to undisclosed income.
- (4) (a) Calculate income from other sources from the information given below :
- (A) Winning from lottery Rs. 1,00,000.
 - (B) Amount received from race winnings Rs. 35,000 (Net).
 - (C) Gifts received :
 - (i) Received Rs. 20,000 as gift from his friend.
 - (ii) Received Rs. 1,00,000/- as gift from his elder brother.
 - (iii) Received Rs. 1,40,000 as gift on his marriage.
 - (iv) Received Rs. 80,000 as gift from his NRI friend.
 - (v) Another gift of Rs. 18,000 received from his friend.

OR

- (b) Siddhant converts his plot of land purchased in the year 2001-02 for Rs. 40,000 into stock-in-trade on 1st April 2017. The fair market value on 1st April 2017 is Rs. 4,50,000. The stock-in-trade is sold for Rs. 4,90,000 in the month of May 2017. Find out the taxable income, if any and if so under which 'head of income'. The cost inflation index in 2001-02 was 100 and in 2017-18 it was 272.

- (5) (a) Mr. N.P. Ahuja provides you the following particulars of his income for the assessment year 2018-19 :

	Rs.
(i) Income from House Property Computed	24,000
(ii) Long-term Capital Gains	2,10,000
(iii) Winning from Lottery (net)	70,000

During the previous year, he paid by cheque Rs. 4,500 as premium for the medical insurance policy of his wife. His uncle is a person with disability. Mr. Ahuja spent Rs. 7,000 on his medical treatment during previous year.

Compute his total income.

OR

- (b) (1) Salary income of Mr. Shyam is Rs. 7,65,000.
- (2) He deposited Rs. 90,000 in PPF, Rs. 20,000 in RPF and paid tuition fee of his son Rs. 18,000.
- (3) He deposited Rs. 25,000 in pension fund of LIC of India.
- (4) He paid interest Rs. 15,000 on loan taken from a financial institution for his higher education.

Compute his total income for the Assessment Year 2018-19.