

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

Time : Three Hours]

[Maximum Marks : 80

Note :—All sections and all questions are compulsory.**SECTION-A**

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

- (1) An _____ in India, whose total income does not exceed Rs. 3,50,000, shall be entitled to a deduction upto Rs. 2500 from the amount of income-tax with which he is chargeable for any assessment year (sec. 87 A).
 (a) Indian Company (b) Individual resident
 (c) Individual Non-resident (d) HUF 1
- (2) Person includes :
 (a) Individual (b) Company
 (c) Both (a) and (b) (d) None 1
- (3) Individuals, HUF, AOP or BOI are not supposed to pay tax on income upto _____.
 (a) Rs. 2,50,000 (b) Rs. 3,00,000
 (c) Rs. 5,00,000 (d) Rs. 10,00,000 1
- (4) Income from newly established units in special Economic Zones is exempt under section _____.
 (a) 10 (23 AAA) (b) 10 (23AA)
 (c) 10 AA (d) 10 (23 AAB) 1
- (5) Payments in cash made by the employer to his employees monthly, other than salary, is called a/an _____.
 (a) Perquisite (b) Allowance
 (c) Bonus (d) RPF 1
- (6) Any remuneration paid by an employer to his employee in consideration of his services is called _____.
 (a) Profit (b) Share
 (c) Arrears (d) Salary 1
- (7) Leave encashment received by an employee while he continues to be in service is _____.
 (a) Fully taxable (b) Fully exempt
 (c) Partly taxable (d) Partly exempt 1
- (8) Where accommodation is taken on lease or on rent by the employer, the value of perquisite is rent paid or payable by employer or _____ of salary, whichever is lower.
 (a) 7.5% (b) 10%
 (c) 15% (d) 24% 1

- (9) Where a house is vacant for part of the year, sec. 23(1) provides that gross annual value is to be taken as _____ if the same is less than the expected rent.
- (a) Municipal value (b) Standard rent
(c) Fair rental value (d) Actual rent 1
- (10) From the net annual value computed, the assessee shall be allowed a standard deduction of a sum equal to _____ of the net annual value.
- (a) 10% (b) 20%
(c) 30% (d) 40% 1
- (11) The rate of depreciation for intangible assets is :
- (a) 20% (b) 25%
(c) 50% (d) 100% 1
- (12) Where the total income of an assessee includes any undisclosed income referred to in section 68, section 69, section 69A, section 69B, section 69C or section 69D, the income-tax payable on such income shall be @_____ without allowing any deduction of any expenditure.
- (a) 10% (b) 20%
(c) 30% (d) 30.9% 1
- (13) Which of the following assets shall be treated as short-term capital asset if they are held for not more than 12 months ?
- (a) Gold (b) Land
(c) Plant and Machinery (d) Zero coupon bond 1
- (14) Transfer, in relation to capital assets, does not include _____.
- (a) The sale, exchange or relinquishment of the asset
(b) The compulsory acquisition thereof under any law
(c) The maturity or redemption of zero coupon bonds 1
(d) any transfer of a capital asset under a gift or will or an irrevocable trust.
- (15) Income from other sources does not cover _____.
- (a) Casual income (b) Remuneration to partners
(c) Family pension (d) Insurance commission 1
- (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 exclusive 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, crossword puzzles, races and gambling 1

- (17) Deduction for interest paid on loan taken for pursuing higher education (sec. 80E) shall be allowed for _____ assessment years starting from the assessment year in which the assessee starts paying the interest on loan.
- (a) 5 (b) 7
(c) 8 (d) 4 1
- (18) The quantum of deduction in respect of medical treatment (sec. 80DDB) is)_____.
(a) Rs. 40,000
(b) Rs. 60,000
(c) Rs. 80,000
(d) Rs. 40,000, Rs. 60,000 or Rs. 80,000 as the case may be 1
- (19) Deduction u/sec. 80C are allowed only to _____ from their gross total income.
(a) An Individual (b) A Hindu Undivided Family
(c) Both (a) and (b) (d) None 1
- (20) In computing the total income of an individual being a person with disability, a deduction under section _____ shall be allowed.
(a) 80 C (b) 80 U
(c) 80 DD (d) 80 DDB 1

SECTION-B

II. Short answer type questions :

- (1) (a) Discuss the provisions regarding Perquisites/allowances to Chairman/Members of UPSC [Sec. 10(45)]

OR

- (b) What is Total Income ? 4

- (2) (a) Who is a specified employee ?

OR

- (b) R is provided free meals in the office, during the office hours for 300 days during the previous year. The cost of meals to the employer is Rs. 65 per meal.

Determine the value of perquisite in respect of meals. 4

- (3) (a) Discuss the provisions regarding computation of income from house property when it is let out for 8 months and self occupied for remaining 4 months.

OR

- (b) Discuss the provisions regarding expenses on provision of gratuity. 4

- (4) (a) What is the meaning of transfer of capital asset ?

OR

- (b) Which expenses are not deductible in computing Income under the head 'Income from other sources' ? 4

- (5) (a) Discuss the provisions related to deductions under section 80 DDB.

OR

- (b) What are the provisions related to deductions under section 80 E ? 4

SECTION—C

III. Long answer type questions :

- (1) (a) Discuss the provisions regarding receipt of Life Insurance Money.

OR

- (b) Define 'Income'. 8
- (2) (a) Gopal furnishes you the following information for the assessment year 2017-18 :
- | | |
|---|----------------------------------|
| Basic Salary | Rs. 15,000 p.m. |
| Dearness Allowance | Rs. 6,000 p.m. |
| | (60% of which is part of salary) |
| Entertainment Allowance | Rs. 500 p.m. |
| House rent allowance | Rs. 6,000 p.m. |
| Actual rent paid for a house in Delhi | Rs. 7,000 p.m. |
| Education allowance for 3 children | Rs. 200 p.m. per child |
| Transport allowance for commuting from residence to office and back (He spends Rs. 1,400 p.m. for such purpose) | Rs. 2,400 p.m. |
| Medical allowance (He spends Rs. 5,000 for his medical treatment) | Rs. 1,000 p.m. |
| Lunch Allowance (He spends Rs. 2,000 for his lunch in office) | Rs. 1,000 p.m. |
- Compute Gross Salary of Gopal for the assessment year 2018-19.

OR

- (b) Sudesh is a lecturer in a college. Following are the details of his income for the previous year 2017-18. Basic salary @ Rs. 34,000 p.m. Dearness allowance @ 12,000 p.m.
- City compensatory allowance Rs. 12,000 p.a.
- House Rent allowance Rs. 12,000 p.m.
- Remuneration as examiner Rs. 4,000
- He is a member of statutory provident fund to which he contributes 10% of his salary, the college contributing an equal amount. During previous year he spent Rs. 12,000/- on books purchased for teaching purpose and used his own car for personal as well as college work. He lives in his own house. He was sent by the college to attend re-orientation seminar. The college spent Rs. 12,000 for the purpose including his first class fare to and fro. seminar fees etc. He also received medical reimbursement of Rs. 12,000 for his nephew.
- Compute Sudesh's taxable salary for the assessment year 2018-19. 8

(3) (a) Yogesh owns the following vehicles :

- (i) 2 light commercial vehicles – one for 9 months and two days and the other for 12 months
- (ii) 2 heavy goods vehicles– one for 6 months and 25 days and the other for 11 months and 12 days.
- (iii) 2 medium goods vehicles – one for 6 months and other for 8 months and 15 days.

Compute the income from business if Yogesh opts for scheme U/s 44 AE.

OR

- (b) Determine the amount of interest deductible for the previous year 2017-18, assuming the loan of Rs. 2,00,000 was taken for construction of house @ 12% p.a. and the house had been rent out :

Date of Borrowing	Date of completion of construction	Loan repaid upto 31.3.2017	
1.01.2013	30.06.2014	One fourth and paid Rs. 50,000 on 1.10.2017	8

- (4) (a) Write short note on Bond Washing Transactions.

OR

- (b) Elaborate the meaning of Capital Assets. 8

- (5) (a) (1) Business income of Mr. Raman (age 70) is Rs. 13,20,000.
(2) He deposited Rs. 70,000 in PPF and purchased NSC VIII issue Rs. 50,000.
(3) He paid interest on loan taken from a financial institution for higher education of his grandson Rs. 1,20,000.
(4) He spent Rs. 40,000 on medical treatment of disabled dependent.
Compute his total income for the assessment year 2018-19.

OR

- (b) Satish furnishes you the following particulars of his income for the previous year ended 31st March 2018 :
- (a) Profit from his proprietary business Rs. 6,50,000.
 - (b) Share of loss from a firm Rs. 22,000.
 - (c) Agricultural income from land situated in U.K. Rs. 10,000.
 - (d) Share of income received from Hindu Undivided Family Rs. 9,000.
 - (e) Gift from mother-in-law on marriage anniversary Rs. 2,500.
 - (f) Sale proceeds of a motor car, Rs. 1,36,000 which he purchased for his personal use in 2016 at Rs. 1,21,000.
- Compute his total income for the assessment year 2018-19. 8