

**B.B.A. (Part-II) Examination**  
**DIRECT TAX LAWS**

Time : Three Hours]

[Maximum Marks : 80

**Note :—**(1) All questions are compulsory.  
(2) All questions carry equal marks.

1. (a) Discuss whether the following person is "assessee" u/sec. 2(7) :  
Taxable income of X is Rs. 3,50,000 for the A.Y. 2017-18. He does not file his return of income. Tax on Rs. 3,50,000 is not paid by him. Income Tax Department has not taken any action against X to recover unpaid tax. 4
- (b) Enumerate with reference to Section 10 of the Income Tax Act, 1961, five types of income which are totally exempt from tax. 4
- (c) Arjun who works as a finance controller of ABC Ltd. had undertaken foreign tours (work related) several times during the P.Y. 2016-17. The total number of days he stayed outside India during the said previous year is 300. He claims that he is non-resident for the A.Y. 2017-18. Is his claim valid ? Discuss. 4
- (d) Shri Rajesh was employed since 01/01/1985 in a commercial establishment. His salary was fixed at Rs. 14,800 in the grade of Rs. 14,000-400-22,000 with effect from 01/07/2014. He got 15% of his salary as D.A. which is treated as salary for computation of retirement benefits. He retired from service on 01/02/2017. He received Rs. 3,40,000 as gratuity from his employer. Calculate taxable gratuity for A.Y. 2017-18.  
Note—Payment of Gratuity Act, 1972 applies. 4

**OR**

- (e) Define Capital Receipt and Revenue Receipt. 4
- (f) Write a note on income deemed to accrue or arise in India. 4
- (g) X, an officer of the Government of M.P., draws Rs. 45,000 p.m. as basic pay. The Government has provided him a rent free unfurnished flat whose market rent is Rs. 9,800 p.m., though the Government rules indicates licence fee of the flat is Rs. 1,250 p.m. Determine the value of the perquisite in respect of rent free flat for the A.Y. 2017-18. 4
- (h) Compute the tax liability of Mr. X, a salaried employee (age 45 yrs) assuming the total income of Rs. 4,80,000, during the P.Y. ending on March 31, 2017. 4

2. (a) The assessee took a loan of Rs. 12,00,000 @ 12% on 01/09/2012 for construction of a house. He repaid the loan on 31/12/2015. The house property was completed on 05/10/2015. Compute the deduction available on account of interest in the P.Y. 2016-17. 4
- (b) W.D.V. of the block having two machines namely X and Y as on 01/04/2016 is Rs. 6,00,000. Machine Z was acquired on 05/11/2016 for Rs. 3,00,000 and put to use on the same date. Machine Z is sold on 28/03/2017 for Rs. 4,00,000. Compute the amount of depreciation allowable for the A.Y. 2017-18. 4
- (c) Explain the provision of Sec. 54-G of Income Tax Act, 1961. 4
- (d) Write short note on expenditure on Scientific Research (Section 35). 4

OR

- (e) How would you determine annual value in the following case :  
Let out for 8 months and self-occupied for remaining 4 months ? 4
- (f) What are the conditions for claiming depreciation U/Sec. 32 ? 4
- (g) Ram who paid an application money of Rs. 5 per share on 01/03/1994 was allotted 500 shares on 01/05/1994. He paid the first call of Rs. 3 per share on 01/06/1997 and the second call of Rs. 2 per share was paid on 01/05/1998. Ram sold all the shares i.e. 500 on 01/06/2016 for Rs. 50 per share. The shares were not sold through a recognised Stock Exchange. Compute capital gain. 4
- (h) Under what circumstances will gift of money received by a person be included in his income ? 4
3. (a) X, a resident of India submits the following particulars of his income for the A.Y. 2017-18 :

	Rs.
(i) Income from house let out (computed)	9,500
(ii) Profit from T.V. business	19,600
(iii) Interest from firm	1,800
(iv) Speculation income	1,900
(v) S.T.C.G.	3,200
(vi) L.T.C.G. from shares	1,400

The following items have been brought forward from preceding A.Y. 15-16 :

(i) Loss from motor cycle business	3,900
(ii) Loss from T.V. business	4,600
(iii) Unabsorbed depreciation	1,000
(iv) Speculation loss	3,200
(v) S.T.C. loss for the year 2010-11	4,100
(vi) L.T.C. loss (land) from the year 2011-12	3,950
(vii) Unrealised rent	3,000

Current year depreciation amounted to Rs. 500. You are required to compute his gross total income and deal with carry forward of losses. 16

OR

(b) Ratan submits the following information regarding his income for the P.Y. 2016-17.

	Rs.
(i) Salary (per month)	14,500
(ii) Rent received from property in Delhi.	5,000 p.m.
(iii) Winnings from Lottery (Gross)	25,000
(iv) Income from interest on Savings Bank deposit	75,000

He makes the following deposits/payments during the year :

(i) Contribution towards P.P.F.	15,000
(ii) Premium paid in cash on Mediclaim Policy for his dependent father	4,000
(iii) Payment in cash for preventive health check up	6,000

He has a son with disability, dependent on him, for whom he incurs Rs. 20,000 as expenses for his medical treatment and rehabilitation. He also deposits a sum of Rs. 25,000 for the benefit of his son under the scheme framed by the U.T.I. for such a purpose.

Compute the deduction allowable to Mr. Ratan under Section 80 C to 80 U. 16

4. (a) Explain the ratio of partners remuneration in case of professional firm and business firm. 4
- (b) Explain the concept of double tax incidence in case of dividend paid by companies to its shareholder. 4
- (c) Write a short note on Best Judgement Assessment. 4
- (d) Under Section 40(b) what items are disallowed as deduction while computing firm's income from Business or Profession (in short) ? 4

**OR**

- (e) What are the consequences if a return of loss is not filed within the due date ? 4
- (f) Explain the provisions for payment of tax by companies u/sec. 115 JB. 4
- (g) X, (aged 55 yrs), who is resident in India and is self employed having a gross total income of Rs. 2,90,000. He has deposited Rs. 70,000 in P.P.F. and Rs. 30,000 in pension scheme of the Central Government. Compute his taxable income. 4
- (h) What is the scheme of taxation of firms ? 4

5. (a) Compute the net wealth of Raman, a resident individual, as on 31/03/2017 from the following particulars furnished.
- (i) He has a house property at Delhi, valued at Rs. 16,00,000 which is occupied by a firm in which he is a partner for its business purpose. Another house at Mumbai valued at Rs. 11,00,000 is being used for his own business.
- (ii) Vehicles for personal use: Rs.
- |                      |          |
|----------------------|----------|
| Motor Car, Ford Ikon | 6,40,000 |
| Motor Car, Nissan    | 3,10,000 |
| Maruti Gypsy Car     | 3,80,000 |
- (iii) Cash in hand 2,90,000
- (iv) Jewellery 11,00,000
- (v) Raman has gifted to a trust a commercial property situated at Ahmedabad purchased 5 years back for Rs. 14,00,000 for the benefit of the smaller H.U.F. consisting of himself and his wife.
- (vi) He had transferred an urban house plot in January, 1999 in favour of his uncle which was not revocable during his lifetime. This uncle died on 28/03/2017. Raman could get the title to the plot retransferred to his name only on 05/05/2017 despite sincere and honest efforts. The M.V. of the house as on 31/03/2017 is Rs. 16,00,000.
- (vii) Raman is the holder of an impartible estate in which urban lands of the value of Rs. 6,00,000 as on 31/03/2017 are comprised. 16

**OR**

- (b) Define Assets as per Sec. 2(a). Which assets are exempted assets? 16