

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) Mr. Joginder Pal is employed with a transport firm. He is member of an unrecognised provident fund. He has been drawing salary @ Rs. 8,000 p.m. since 1-1-2016. Dearness allowance, forming part of pay for superannuation benefits is paid @ 10% of his salary. He gets house rent allowance Rs. 1,200 per month. He pays rent of Rs. 2,000 p.m. He contributes @ 10% of his salary to the fund and the employer contributes @ 20%. The employer also reimburses his personal club bills amounting to Rs. 19,000. Besides he is paid Rs. 400 p.m. as transport allowance.

He retires on 1-1-2017 after 28 years and 9 months of service. He gets Rs. 81,000 as accumulated balance from the provident fund. It consists of Rs. 15,000 as his contribution and Rs. 12,000 interest thereon. The employer's contribution is Rs. 80,000 and interest thereon is Rs. 24,000. He also gets gratuity of Rs. 1,60,000.

After retirement he gets pension @ Rs. 3,000 p.m. On 1-3-2017 he surrenders one half pension for a consolidated amount of Rs. 1,20,000. Compute his income from salary. 16

OR

- (b) From the following details find out the salary chargeable to tax of Mr. Anand for the A.Y. 2017-18 :

Mr. Anand is a regular employee of Malpani Ltd. in Mumbai. He was appointed on 1st March, 2016 in the scale of 25,000-2,500-35,000. He is paid dearness allowance (which forms part of salary for retirement benefits) @ 15% of basic pay and bonus equivalent to one and half months basic pay as at end of the year. He contributes 18% of his salary (basic plus dearness allowance) towards recognized provident fund and the company contributes the same amount. He is provided free housing facility which has been taken on rent by the company at Rs. 15,000 p.m. He is also provided with the following facilities :

- (i) The company reimbursed the medical treatment bill of Rs. 40,000 of his daughter who is dependent on him.
- (ii) The monthly salary of Rs. 2,000 of a housekeeper is reimbursed by the company.
- (iii) He is getting telephone allowance @ Rs. 1,000 p.m.
- (iv) A gift voucher of Rs. 4,700 was given on occasion of his marriage anniversary.
- (v) The company pays medical insurance on the health of Mr. Anand @ Rs. 12,000.
- (vi) Motor car running and maintenance charges fully paid by employer of Rs. 36,600. (The motor car is owned and driven by Mr. Anand, the engine cubic capacity is below 1.6 ltrs. The motor is used for both official and personal purposes by the employee).
- (vii) Value of free lunch provided during the office hours is Rs. 2,000. 16

2. (a) Mr. Siddharth engaged in retail trade, reports a turnover of Rs. 98,50,000 for the F.Y. 2016-17. His income from the said business as per books of accounts is computed at Rs. 2,90,000. Retail trade is the only source of income for Mr. Siddharth.

(i) Is Mr. Siddharth eligible to opt for presumptive determination of his income chargeable to tax for the A.Y. 2016-17 ?

(ii) If so, determine his income from retail trade as per the applicable presumptive provision. 4

(b) Assessee has one house property at Camp, Amravati. He stays with his family in this house. The rent of similar property in the neighbourhood is Rs. 56,000 p.a. The municipal valuation is Rs. 28,000. Municipal taxes paid in respect of the property are Rs. 5,000 (including Rs. 1,000 for an earlier year). The house was constructed in 1998 with a loan of Rs. 20,00,000 taken from HDFC. During the P.Y. 2016-17, the assessee refunded Rs. 2,80,000 which includes Rs. 2,08,000 as current year interest. Compute the income from house property for A.Y. 2017-18. 4

(c) Mr. Vaibhav sold a house held as a capital asset to his friend Mr. Dhanush on 1st Dec., 2016 for a consideration of Rs. 25,00,000. The Sub-Registrar refused to register the document for the said value as according to him, stamp duty valuation based on State Govt. guidelines was Rs. 45,00,000. Mr. Vaibhav preferred an appeal to the Revenue Divisional Officer who fixed the value of the house as Rs. 35,00,000 (Rs. 22,00,000 for the land and the balance for the building portion) the differential stamp duty was paid, accepting the said value determined. Mr. Vaibhav had purchased the land on 1st June, 2009 for Rs. 5,19,000 and completed the construction of the house on 1st Oct. 2014 for Rs. 14,00,000. Cost inflation indices may be taken as 582 for financial year 2008-09, 852 for the financial year 2013-14 and 1081 for the financial year 2016-17.

Briefly discuss the tax implications in the hands of Mr. Vaibhav for the assessment year 2017-18 and compute the capital gains chargeable to tax. 4

(d) Discuss tax implications on winnings from lotteries. 4

OR

(e) Mr. B.A. Patel, a non-resident operates an Aircraft between London to Ahmedabad. For the financial year ended on 31st March, 2017, he received the amounts as under :

(i) For carrying passengers from Ahmedabad Rs. 50 lacs.

(ii) For carrying passengers from London Rs. 75 lacs received in India.

(iii) For carrying of goods from Ahmedabad Rs. 25 lacs.

The total expenditure incurred by Mr. B.A. Patel for the purposes of the business for the financial year 2016-17 was Rs. 1.40 crores.

Compute the income of Mr. B.A. Patel under the head 'Profits and Gains from business or profession' for the financial year ended on 31st March, 2017 relevant to A.Y. 2017-18. 4

(f) Mr. A purchased a house property in 1980 for Rs. 2,00,000. He is selling the house during Dec. 2016 for Rs. 30,00,000. The fair market value of the house property as on 1-4-1981, was Rs. 5,00,000. Compute the indexed cost of acquisition for the A.Y. 2017-18. 4

- (g) The following details have been furnished by Mrs. Hemali pertaining to the year ended 31-3-17 :
- (i) Cash gift of Rs. 51,000 received from her friend on the occasion of her husband completing 60 years of age, this was also her 25th wedding anniversary.
 - (ii) On the above occasion, a diamond necklace worth Rs. 2 lacs was presented by her sister living in Dubai.
 - (iii) When she celebrated her daughter's wedding on 21-2-17, her friend assigned in Mrs. Hemali's favour, a fixed deposit held by the said friend in a scheduled bank, the value of the fixed deposit and the accrued interest on the said date was Rs. 51,000.

Compute the income if any assemble as income from other sources. 4

- (h) Explain any ten items that come under the head income from other sources. 4
3. (a) Explain the provisions related to deductions under sec. 80 CCG. 4
- (b) Discuss the provisions related to medical treatment for certain specified disease u/sec. 80 DDB. 4
- (c) Determine the eligibility and quantum of deduction under Chapter VI-A in the following cases :
- (i) Mr. A has paid life insurance premium of Rs. 70,000 during the year (sum assured Rs. 3,50,000, policy issued on 31-3-2012).
 - (ii) Contribution to notified pension scheme (referred to in sec. 80 CCD) by the employer Rs. 40,000 for an employee whose basic salary plus dearness allowance is Rs. 3,00,000 for the year. 4
- (d) The gross total income of Mr. X, a resident aged 30 years, for the P.Y. 2016-17 comprises of salary (Rs. 5,50,000) and interest on savings bank (Rs. 9,000). He has repaid housing loan of Rs. 1 lakh; which deductions he can claim from the above information ? 4
- (e) Discuss the provisions of deduction allowable u/sec. 80 C. 4

OR

- (f) Who is eligible to claim the deductions u/sec. 80 D ? What is the quantum of deduction ? 4
- (g) X has taken 3 education loans on March 1, 2016 the details of which are given below :

	Loan 1	Loan 2	Loan 3
For whose education loan was taken	'X'	'X'	Daughter of 'X'
Purpose of loan	Full time MBA	Part time MCA	Full time MBA
	Rs.	Rs.	Rs.
Amount of loan	6,00,000	3,00,000	5,00,000
Annual repayment of loan during the previous year 2016-17	1,00,000	50,000	1,00,000
Annual repayment of interest during the previous year 2016-17	60,000	40,000	55,000

Compute the quantum of deduction. 4

- (h) Discuss the provisions related to carry forward and set off of loss from the activity of owning and maintaining race horse. 4

4. (a) How the total income of a firm is computed ? Give a proforma of such computation.

16

OR

- (b) From the following informations compute the tax payable by X Ltd. for the A.Y. 2017-18 :

(i) Business income from Sale of Securities	8,50,000	
(ii) Other Business Income	10,00,000	
(iii) Long term Capital Gains	4,00,000	
(iv) Securities transaction tax paid (Not deducted from Business Income)	1,50,000	16

5. (a) How was Net Wealth computed ? 4
(b) Who were the persons not liable to pay Wealth Tax ? 4
(c) Name any four assets as per the Wealth Tax Act. 4
(d) Explain the tax implications of assets held by minor child. 4

OR

- (e) Who were the persons liable to pay Wealth Tax ? 4
(f) Which assets were exempt from tax ? 4
(g) Explain Assessment Year and Previous Year. 4
(h) Explain 'Gross Wealth' and 'Net Wealth'. 4