

5 SEM TDC DTAX-I 4 (Sp) (N/O)

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(November)

COMMERCE

(Speciality)

Course : 504

(**Direct Tax—I**)

*The figures in the margin indicate full marks
for the questions*

(New Course)

Full Marks : 80

Pass Marks : 24

Time : 3 hours

1. (a) Write True or False : 1×4=4

(i) The total income of individual leaving India up to the date of his departure shall be chargeable to tax in that assessment year.

(ii) Scholarship received by students must be financed by the government.

(iii) Any income received by any person for or on behalf of the New Pension System Trust (established on February 27, 2008) will not be chargeable to tax.

(iv) Interest on borrowed capital is allowable as deduction if capital is borrowed for the purpose of purchase, construction, repair, renewal, etc.

(b) Choose the correct answer of the following : 1×4=4

(i) The contribution made by the Central Government in the previous year, to the account of an employee under a pension scheme referred to in

- (1) Section 80C
- (2) Section 80CCC
- (3) Section 80CCD

(ii) Where an assessee uses his property for carrying on any business or profession, no income is chargeable to tax under the head

- (1) Income from Salaries
- (2) Income from House Property
- (3) Income from Other Sources

(iii) The Appellate Tribunal, constituted by the Central Government, functions under the Ministry of Law, consists of which of the following two classes of members?

- (1) Judicial and accountant
- (2) Commissioners and accountant
- (3) Inspector of income tax and accountant

(iv) Statutory Provident Fund is set up under the provisions of the

- (1) Provident Fund Act, 1952
- (2) Provident Fund Act, 1925
- (3) Income-tax Act, 1961

2. Write short notes on any *four* of the following : 4×4=16

- (a) Charge of Income Tax
- (b) Entertainment Allowance
- (c) Approved Superannuation Fund
- (d) Unrealized Rent
- (e) Commissioner of Income Tax

3. (a) "Appeal against the order of the Assessing Officer lies with the Commissioner (Appeals)."

Do you agree? Write an explanatory note in support of the above statement.

14

Or

(b) Mention any fourteen such incomes that are absolutely exempt from income tax under Section 10 of the Income-tax Act, 1961.

14

4. (a) Shri Uttom, is an employee of a Guwahati-based company. He provides the following particulars of his salary income :

(i) Basic salary—₹ 50,000 per month

(ii) Dearness allowance—₹ 12,500 per month (40 per cent of which is included for the purpose of determining retirement benefit)

(iii) Bonus—₹ 25,000

(iv) Transport allowance—₹ 7,600 p.m. (out of which ₹ 1,600 is used for the journey between office and residence; remaining amount is not spent)

- (v) He contributes 15% of basic salary towards RPF and the company also makes a matching contribution
- (vi) Interest credited to RPF @ 12% is ₹ 30,000
- (vii) Reimbursement of medical bills ₹ 60,000 out of this ₹ 20,000 is in respect of medical bill of his wife and she got her medical treatment from government hospital
- (viii) Leave encashment ₹ 30,000. It relates to encashment of current year's leave
- (ix) He has been provided with a rent-free house hired by employer at ₹ 15,000 p.m.
- (x) He paid ₹ 3,000 as professional tax

Compute Shri Uttom's income under the head Income from Salaries for the Assessment Year, 2018-19.

14

Or

- (b) What do you mean by the term 'perquisites' under the head salary? What are the classifications of perquisites? Explain briefly the perquisites which are not taxable.

3+2+9=14

5. (a) Mr. Swadhin owns resident house properties. Following are the particulars of two house properties owned by him :

	<i>House—I</i>	<i>House—II</i>
Municipal valuation (in ₹)	1,00,000	92,000
Fair rent (in ₹)	88,000	96,000
Standard rent (in ₹)	90,000	1,08,000
Actual rent received (in ₹)	9,000 p.m.	10,000 p.m.
Self-occupied	01.04.2017 to 30.11.2017	01.12.2017 to 31.03.2018
Let out	01.12.2017 to 31.03.2018	01.04.2017 to 30.11.2017
Municipal taxes :		
Due (in ₹)	6,000	8,000
Paid (in ₹)	3,000	Nil
Interest on borrowed money (in ₹)	10,000	42,000

Loan taken to construct House—II is still outstanding. Loan was taken in 1998.

Find out the income from house properties of Swadhin for the Assessment Year, 2018–19.

Or

(b) Explain how to compute income from self-occupied house property. Write a note on special provisions with regard to unrealized rent when it is realized subsequently. $10+4=14$

6. *(a)* Write a note on Central Board of Direct Taxes. Explain the powers of Assessing Officers. $4+10=14$

Or

(b) What do you mean by 'right to appeal'? What are the procedures in appeal? Explain in detail. $4+10=14$

(Old Course)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

1. (a) Write True or False :

1×4=4

- (i) A company shall be 'non-resident' if its place of effective management is situated wholly or partially outside India during the relevant accounting year.
- (ii) Statutory Provident Fund is set up under the provision of the Provident Fund Act, 1952.
- (iii) Any income derived by the SAARC fund for regional project is exempt from tax.
- (iv) Income is taxable under the head Income from House Property only if the assessee is not the owner of a house property.

(b) Choose the correct answer of the following :

1×4=4

(i) One can deposit in Public Provident Fund subject to

- (1) minimum ₹ 500 and maximum ₹ 1,50,000 per annum
- (2) minimum ₹ 600 and maximum ₹ 2,00,000 per annum
- (3) minimum ₹ 700 and maximum ₹ 2,50,000 per annum

(ii) Example of an Association of Persons (AoP) is

- (1) a Village Panchayat
- (2) Markfed
- (3) Reliance Industries Limited

(iii) Pankaj is entitled to hostel allowance @ ₹ 500 p.m. per child for 3 children. It will be exempted to the extent of

- (1) ₹ 7,200
- (2) ₹ 12,000
- (3) ₹ 16,400

(iv) Underground allowance granted to an employee who is working in uncongenial, unnatural climate in underground mines is exempted to the limit of

(1) ₹ 1,000 per month

(2) ₹ 800 per month

(3) ₹ 600 per month

2. Write short notes on any *four* of the following : 4×4=16

(a) Income

(b) Annuity

(c) Deemed Income

(d) Recognized Provident Fund

(e) Municipal Rental Value

(f) Income-tax Act, 1961

3. (a) Explain in detail any twelve incomes which are exempted under Section 10 of the Income-tax Act, 1961. 12

Or

- (b) "Income received in India is taxable in all cases irrespective of residential status of the assessee." Explain the statement in detail. 12

4. (a) "Income tax concession is given to newly established units in special economic zone." Explain this statement. 11

Or

- (b) Write brief notes on the following :
 $5\frac{1}{2} + 5\frac{1}{2} = 11$

(i) Income which are not included in the total income

(ii) Tax holiday for industrial units in trade zones

5. (a) From the following information, compute the taxable income from salary of Shri Kamal Deka for the Assessment Year, 2018-19 :

- (i) Basic salary—₹ 3,60,000 p.a.
- (ii) Dearness allowance—₹ 36,000
(25% enters for retirement benefit)
- (iii) Education allowance for two children at ₹ 350 per month per child and hostel allowance for two children at ₹ 450 per month per child
- (iv) Commission received on turnover—
₹ 50,000
- (v) Special allowance—₹ 3,000 per month
- (vi) Entertainment allowance @
₹ 10,000 per annum
- (vii) He is provided with a rent-free house hired by employer at ₹ 10,000 per month
- (viii) He is provided with a car of 1.8 litre capacity (with driver) for both official and personal purposes

(ix) He receives ₹ 20,000 as leave travel concession but has not travelled anywhere

(x) Professional tax paid by him—₹ 250 per month

Compute the taxable income from salary of Shri Kamal Deka for the Assessment Year, 2018-19.

11

Or

(b) In order to encourage savings for the social security of employees, government has set up various kinds of provident funds.

In the light of the above statement, explain the following :

$5\frac{1}{2}+5\frac{1}{2}=11$

(i) Recognized Provident Fund

(ii) Unrecognized Provident Fund

6. (a) Mohan is a manager (finance) in Reliance Ltd., Mumbai and gets ₹ 34,000 per month as salary. He owns two houses one of which is let out to the employer-company which in turn provided the same to Mohan as

rent-free accommodation. Determine the net income of Mohan for the Assessment Year, 2018-19 taking into account the following information relating property income :

11

	<i>House—I</i>	<i>House—II</i>
Fair rent (FR) (in ₹)	60,000	1,82,000
Annual rent (in ₹)	63,000	1,84,000
Municipal valuation (MV) (in ₹)	61,000	1,85,000
Standard rent	NA	NA
Municipal taxes paid (in ₹)	14,000	40,000
Repairs (in ₹)	3,500	7,700
Insurance (in ₹)	3,000	33,000
Land revenue (in ₹)	7,500	24,000
Ground rent (in ₹)	4,000	7,800
Interest on capital borrowed by mortgaging House—I (funds are used for construction of House—II) (in ₹)	18,000	—
Unrealized rent of the previous year, 2003-04 (in ₹)	—	1,60,000
Unrealized rent of 2017-18 (in ₹)	—	55,000
Nature of occupation	Let out to Reliance Ltd.	Let out to Rohan for business
Date of completion of construction	March 1999	April 2001

Or

(b) Explain the procedure of computation of gross annual value in the case of self-occupied house property. 11

7. (a) What is the role of commissioner of income tax? Explain the powers which are entrusted to him by Central Board of Direct Taxes. 11

Or

(b) Write notes on the following : $5\frac{1}{2}+5\frac{1}{2}=11$

(i) Central Board of Direct Taxes

(ii) Commissioner of Income Tax

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