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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) HUF, is said to be resident in every case except where during that year the control and management of its affairs is situated partially outside India.

(ii) Any amount received by a Government servant as commutation of pension is fully tax free.

(iii) Perquisite can be only in monetary form.

(iv) Municipal tax is a deduction from gross annual value.

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

(i) Under the Income-tax Act, the incidence of taxation depends on

- (1) the citizenship of the tax payer
- (2) the age of the tax payer
- (3) the residential status of the tax payer

(ii) Income of newly set up business from 1st October to 31st March, 2019 is assessable in the assessment year

- (1) 2017-18
- (2) 2018-19
- (3) 2019-20

(iii) If domestic servants are engaged by the employee and their salary etc., is paid or reimbursed by the employer, the value of these perquisites are taxable in the hands of

- (1) specified employee only
- (2) employee other than specified employee
- (3) All employee

(iv) Mr. Bikash is entitled to Hostel expenditure allowance @ ₹ 4,800 p.a. per child for 3 children. It will be exempted up to

- (1) ₹ 7,200
- (2) ₹ 4,800
- (3) ₹ 2,400

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

- (a) Previous Year
- (b) Agricultural Income
- (c) Gratuity
- (d) Leave Encashment
- (e) Assessing Officer

3. (a) What are the circumstances under which appeals lie to the High Court and Supreme Court under the Income-tax Act, 1961?

14

Or

(b) What do you understand by the term residence of an assessee? How can you determine the residential status of an individual and HUF? 4+5+5=14

4. (a) Mr. Arnav Hazarika is a manager of an industrial unit at Guwahati. The particulars of his salary income are given below :

Basic salary—₹ 35,000 p.m.

Dearness allowance (as per terms of employment)—₹ 12,000 p.m.

Bonus—₹ 14,000

Entertainment allowances—

₹ 1,500 p.m.

Medical allowances—₹ 600 p.m.

City compensatory allowance—

₹ 500 p.m.

House rent allowance—

₹ 8,000 p.m.

House rent paid for the house—₹ 11,000 p.m.

Car of 1.4 lt. capacity provided by employer for private and official use

Employer meets expenses of car

He contributes 14% of salary to RPF. Employer also contributes same amount to RPF

Mr. Arnav had taken interest-free loan of ₹ 19,000 to purchase a Television

Compute income under the head salary for the Assessment Year, 2019-20.

Or

(b) What are the different types of Provident Fund? Discuss the income tax provisions dealing with each type of Provident Fund. 6+8=14

5. (a) Mr. Sidartha owns two houses, the particulars of which are given below for the Previous Year, 2018-19 :

Particulars	House A	House B
	₹	₹
Annual rent	Nil	1,82,000
Standard rent	4,50,000	1,60,000
Municipal valuation	4,40,000	1,70,000
Fair rent	4,60,000	1,85,000
Municipal taxes paid	38,000	18,000
Fire insurance (due)	5,000	4,000
Ground rent paid	4,200	3,700
Interest on money borrowed during 1998-99 for construction of house (50% paid)	32,000	52,000
Unrealized rent (pertaining to this year)	Nil	6,000
Nature of occupation	Self-occupied	Let out

Compute income from house property for the Assessment Year, 2019-20 assuming that the Assessing Officer is satisfied with the non-recovery of rent.

Or

(b) Define 'annual value'. How is it determined? 7+7=14

6. (a) What are the authorities provided by the income tax for administration of tax? Discuss the powers of Commissioner of Income Tax. 6+8=14

Or

(b) Discuss about the Constitution of Appellate Tribunal. Describe the procedure for filing an appeal to the Appellate Tribunal. 6+8=14

(Old Course)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

1. (a) Write True or False :

1×4=4

- (i) Voluntary contributions received by a trust are included in the definition of income.
- (ii) Any amount withdrawn from the statutory provident fund is exempted from tax.
- (iii) Employer's contribution to Recognized Provident Fund is exempted up to 15% of employees' salary.
- (iv) In case of self-occupied house the standard deduction is allowed @ 30% of Net Annual value.

(b) Choose the correct answer of the following :

1×4=4

(i) In case treatment is taken from a private or unrecognized hospital the benefits is exempted up to

(1) ₹ 50,000

(2) ₹ 25,000

(3) ₹ 15,000

(ii) In case employer pays, at its option, tax on value of perks given by it to an employee (not provided by way of monetary payment) shall be

- (1) fully exempted in the hands of employee
- (2) fully exempted in the hands of employer
- (3) not fully exempted in the hands of employee

(iii) Examples of local taxes are

- (1) income tax, property tax
- (2) sales tax, VAT
- (3) house tax, water tax, sewerage tax

(iv) The expenses on running and maintenance for private or personal use of a car are fully met by employee himself and where cubic capacity of engine does not exceed 1.6 litres is exempted up to

- (1) ₹ 800 per month
- (2) ₹ 600 per month
- (3) ₹ 400 per month

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

- (a) Assessment year
- (b) Perquisites
- (c) Deemed owner
- (d) Annual rental value
- (e) Central Board of Direct Taxes

3. (a) What do you mean by the term 'residential status'? Explain in detail, how to determine the residential status of a company. 4+8=12

Or

(b) Explain any twelve incomes which are exempted from tax under Section 10 of the Income-tax Act, 1961. 12

4. (a) What are the special provisions in respect of newly established undertakings in free trade zone? Explain in detail. 11

Or

(b) Write brief notes on the following :

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

(i) Special Economic Zone

(ii) Incomes which are not included in the total incomes

5. (a) From the following informations, compute the taxable income from salary of Shri Binanda Baruah for the Assessment Year, 2019-20 :

11

(i) Basic salary—₹ 4,80,000 p.a.

(ii) Dearness allowance (enters)—20% of ₹ 4,80,000

(iii) Commission on turnover 1% on ₹ 1,00,00,000

(iv) He is provided with a rent free house by employer, lease rent paid by employer is ₹ 8,000 per month

(v) City compensatory allowance is ₹ 5,800

(vi) Lunch allowance—₹ 6,000

(Continued)

- (vii) Company provided him a laptop for personal use, the cost of which is ₹ 60,000
- (viii) He received ₹ 35,000 as leave travel concession but has not travelled anywhere
- (ix) Education facility of one child provided in a institution owned by employer valued at ₹ 3,500 per month
- (x) He pays ₹ 3,000 as professional tax

Or

- (b) Savings act as a social security of employees after retirement.

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

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

- (i) Statutory Provident Fund
- (ii) Recognized Provident Fund

6. (a) From the information given below, find out the income under the head 'Income from House Property' for the Assessment Year, 2019-20 :

11

Particulars	House I ₹	House II ₹
Municipal valuation (MV)	2,00,000	2,00,000
Fair rent (FR)	1,95,000	2,05,000
Standard rent (SR)	1,80,000	1,80,000

<i>Particulars</i>	<i>House I</i> ₹	<i>House II</i> ₹
Annual rent	2,26,000	1,85,000
Unrealized rent for the previous year, 2018-19	40,000	40,000
Interest on borrowed capital (per annum)	46,000	46,000

The above stated properties are let out throughout the previous year, 2018-19. Municipal tax (paid) is at the rate of 20%.

Or

(b) State the provisions relating to computation of income from house property. 11

7. (a) What is the role of assessing officer under the Income-tax Act, 1961? Explain the powers which are entrusted to him by Central Board of Direct Taxes. 11

Or

(b) Write notes on the following : 11

(i) Income tax authorities

(ii) Parties to an appeal