

Total No. of Printed Pages—12

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

2 0 1 7

(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) Indian income is always taxable in India irrespective of the residential status of the tax payer.

(ii) Scholarship granted by government to students to meet the cost of education is not exempted from tax.

(iii) Salary paid to a partner is chargeable under the head 'salaries'.

(iv) Employer's contribution towards approved superannuation fund is chargeable to tax in the hands of employees to the extent such contribution exceeds ₹ 1.5 lakh per assessment year.

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

(i) For the assessment year 2017-18 rebate under Section 87A is available in the case of a residential individual, if his taxable income is

(1) ₹ 3,00,000 or less

(2) ₹ 4,00,000 or less

(3) ₹ 5,00,000 or less

(ii) If title of ownership of a house property is under dispute in a court of law, the decision as to who is the owner rests with?

(1) Government of India

(2) State Government

(3) Income Tax Department

(iii) An appeal against the order of the assessing officer lies with

(1) Commissioner (Appeals) [Sec 246A]

(2) Principal Commissioner of Income Tax

(3) Joint Commissioner of Income Tax

(iv) As per National Pension System, it is mandatory for persons entering the government service on or after January 1, 2004 to contribute

(1) 20% of salary every month towards NPS

(2) 15% of salary every month towards NPS

(3) 10% of salary every month towards NPS

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

(a) Assessment Year

(b) Gross Total Income

(c) Retrenchment Compensation

(d) Municipal Valuation

(e) Central Board of Direct Taxes

3. (a) "Right to appeal is a statutory right under Income-tax Act, 1961." Do you agree? Write an explanatory note in support of the above statement.

14

Or

- (b) Write an explanatory note on residential status of an individual and an HUF.

8+6=14

4. (a) Shri Ratan, a manager of a Guwahati-based company. He submits the following particulars of his salary income :

- (i) Basic salary—₹ 14,000 per month
- (ii) Dearness Allowance—₹ 8,400 per month (₹ 1,300 per month enters into retirement benefit)
- (iii) Education allowance for two children at ₹ 6,000 p.a. per child ₹ 3,000 and hostel allowance for two children at ₹ 350 p.m. per child
- (iv) Commission—₹ 25,100
- (v) Leave encashment—₹ 10,000
- (vi) Employer's contribution to RPF—₹ 25,200
- (vii) Travelling allowance for his official tours ₹ 20,000. Actual expenditure on tour amounted to ₹ 17,000

(viii) Interest credited to RPF account in the previous year @ 10% amounted to ₹ 8,000

(ix) He resides in the Bungalow of the company. Its fair rent is ₹ 6,500 p.m. The company deduct ₹ 1,200 p.m. from salary as rent of the Bungalow

(x) He paid professional tax of ₹ 250 per month

Compute Shri Ratan's income under the head 'income from salary' for the assessment year, 2017-18.

14

Or

(b) What is Provident Fund? Explain different types of provident funds and their tax treatment.

4+10=14

5. (a) Mr. Kalyan owns a resident house property. It has two equal residential units—unit 1 and unit 2. While unit 1 is self-occupied by Kalyan for his residential purpose, unit 2 is let out (rent being ₹ 8,000 p.m., rent of 2 months could not be recovered). Municipal value of the property is ₹ 1,40,000, standard rent is ₹ 1,30,000 and fair rent is ₹ 1,45,000. Municipal tax imposed @ 12% which is

paid by Kalyan. Other expenses for the previous year 2016-17 being repairs ₹ 250, insurance ₹ 600, interest on capital (borrowed during 1997) for constructing the property ₹ 63,000.

Find the income from house property of Kalyan for the assessment year 2017-18.

14

Or

(b) Explain how to compute income from a let out house property. Write a short note on interest on borrowed capital.

10+4=14

6. (a) Write a note on Income-tax Authorities. Explain the powers of Central Board of Direct Taxes.

4+10=14

Or

(b) What do you mean by appeal to Appellate Tribunal? Write a note on procedure and powers of the Appellate Tribunal.

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 person may have dual residential status, i.e., he may be resident of one or more countries in a relevant previous year.
- (ii) Salary also includes income tax of employee paid by employer.
- (iii) Fair rental value is based on the rent prevailing for similar type of accommodation in same or similar type of locality.
- (iv) Public Provident Fund (PPF) offers self-employed people the benefit to enjoy deduction u/s 80C.

(b) Choose the correct answer to the following :

1×4=4

(i) Perquisites or benefits or any other remuneration received from other than the employer, would be taxable under the head

(1) Income from Salaries

(2) Income from House Property

(3) Income from Other Sources

(ii) Artificial Juridical person's example is

- (1) State Bank of India, Dibrugarh
- (2) Delhi University
- (3) Guwahati Municipal Corporation

(iii) Tribal areas/Scheduled areas allowances as specified in rule 2BB, exemption to State, Assam and other similar States are subject to limit of

- (1) ₹ 500 per month
- (2) ₹ 200 per month
- (3) ₹ 100 per month

(iv) Mohan is entitled to education allowance @ 6,000 p.a. per child for 3 children. It will be exempted to the extent of

- (1) ₹ 4,000
- (2) ₹ 2,400
- (3) ₹ 1,200

2. Write short notes on any *four* of the following :

4×4=16

- (a) Previous year
- (b) Leave travel concession
- (c) Standard deduction

(d) Fair rental value

(e) Perquisites

(f) Deemed receipt

3. (a) Explain the provisions relating to newly established units in special economic zone [Section 10AA] of the Income-tax Act, 1961.

12

Or

- (b) "Liability of an assessee is determined with reference to his residence." Explain the statement in detail.

12

4. (a) Mention any eleven exempted incomes u/s 10 of the Income-tax Act, 1961.

11

Or

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

(i) Tax holiday for industrial units in trade zones

(ii) Tax holiday for newly established units in special economic zones

5. (a) Shri Swadhin Jyoti originally hail from Assam is working at Pune in a company. He provides the following information about his salary income :

(i) Basic salary @ ₹ 20,000 p.m.

- (ii) Dearness allowance @ ₹ 3,000 p.m.
- (iii) City compensatory allowance @ ₹ 1,000 p.m.
- (iv) Entertainment allowance @ ₹ 14,000 p.a.
- (v) Commission received on turnover ₹ 25,000
- (vi) Rent-free accommodation of (furnished) on which employer pays municipal tax on ₹ 65,000 p.a. and furniture value is ₹ 1,40,000
- (vii) Medical bills reimbursed by company (treatment taken from a private hospital) ₹ 15,000
- (viii) He is provided with a car of 1.8 Lt capacity which is partly used for personal and partly for employment purposes.
- (ix) During the year, he travelled in connection with his job and his travelling allowance is allotted to ₹ 20,000. Actual expenditure on tour amounted to ₹ 18,000
- (x) Professional tax paid by him is ₹ 2,500

Compute the taxable income from salary of Shri Swadhin Jyoti for the assessment year, 2017-18.

Or

(b) What do you mean by the term perquisites under the head salary? Explain the following in terms of—

(i) valuation of perquisites in respect of free education;

(ii) valuation of medical facilities.

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

6. (a) From the information given below, find out the income under the head 'Income from House Property' for the assessment year, 2017-18 :

	House—I (₹)	House—II (₹)
Fair Rent	70,000	1,72,000
Annual Rent	73,000	1,74,000
		(after deduction of unrealized rent)
Municipal valuation (MV)	71,000	1,75,000
Standard rent (SR)	NA	NA
Municipal taxes paid	16,000	40,000
Repairs	4,000	8,000
Insurance	5,000	55,000
Interest on capital borrowed by mortgaging House—I (funds are used for construction of House—II)	16,000	—
Unrealised rent 2016-17	—	55,000

The above property is let out throughout the previous year 2016-17.

Or

(b) Explain the procedure of computation of gross annual value in the case of let out house property. 11

7. (a) Who is an assessing officer under income-tax department? Explain the power of assessing officer. 11

Or

(b) State the authorities that are authorised u/s 132(1) of the Income-tax Act, 1961, to issue orders regarding search and seizure. What are the rules regarding retention of seized books and documents? 6+5=11

★ ★ ★