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6 SEM TDC DTAX-II 1 (Sp)

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(May)

COMMERCE

(Speciality)

Course : 601

(Direct Tax—II)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

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

1. (a) Write True or False : 1×4=4

(i) Capital Assets mean property of any kind held by an assessee whether or not connected with his business or profession.

(ii) Provision for Bad and Doubtful Debts is an allowable deduction in computing business income.

(iii) Net wealth comprises of aggregate of all assets including deemed assets but excluding exempted assets.

(iv) As per Section 73(1) of the Income-tax Act, the loss arising out of speculation business can be set off against profit from non-speculative business.

(b) Mention four exceptions to the rule given u/s 70 that a loss can be set off against any other income under the same head.

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

- (a) Unabsorbed depreciation
- (b) Expressly admissible deductions in computing business income
- (c) Deemed income
- (d) Corporate assessee
- (e) Transactions not regarded as transfer

3. (a) What do you mean by depreciation? Discuss the conditions to claim deduction for depreciation in computing income from business and profession.

$3 + 8 = 11$

Or

(b) Mr. X, a resident, is a practising Chartered Accountant. He also runs a private accountancy coaching institute. He keeps his accounts on cash basis and his summarized cash account for the year ended on 31st March, 2015 is as under :

	₹		₹
To Balance b/d	13,000	By Office expenses	24,000
• Income from accounting work	1,25,400	• Office telephone bills	7,000
• Audit fees	2,14,700	• Municipal tax of house property	4,000
• Institute fee	6,100	• Institute expenses	1,800
• Examination fee	4,600	• Miscellaneous expenses	43,500
• Withdrawal from PPF	50,000	• Membership and certificate fee	1,200
• Interest on investment	18,000	• Life insurance premium	17,000
• Agricultural income	10,000	• Income tax	22,500
• Rent from let out house property	48,000	• Motorcar purchased	1,80,000
		• Motorcar expenses	9,600
		• Insurance of house property	840
		• Balance c/d	1,78,360
	<u>4,89,800</u>		<u>4,89,800</u>

Additional Information :

(i) $\frac{1}{3}$ rd of motorcar expenses is in respect of his professional practice

(ii) Miscellaneous expenses include ₹ 6,000 paid as stipend to trainees and balance is his personal expense

(iii) He purchased a computer on 30th November, 2014 for ₹ 54,000 and took a loan of ₹ 50,000 @ 15% p.a.

(iv) Motorcar comes under 15% block while computer comes under 60% block

Compute professional income of Mr. X for the previous year, 2014-15. 11

4. (a) What do you mean by capital asset? Explain the mode of computation of capital assets. 4+7=11

Or

(b) Following are the particulars of assets held by Vandana during the previous year, 2014-15 :

Assets	Year of Acquisition	CII	Cost of Acquisition (₹)	FMV as on 1-4-1981 (₹)	Selling Expenses (₹)	Selling Price (₹)
Shop	1980-81	100	20,000	40,000	10,000	5,80,000
Jewellery	1980-81	100	10,000	50,000	—	5,20,000
Shares	1990-91	182	6,000	—	1,000	30,000
Shares	1982-83	109	20,000	—	2,000	2,21,560
Plant (depreciable)	1982-83	109	4,00,000 (WDV)	—	—	7,00,000
Residential house	1984-85	125	60,000	—	—	5,32,560

Calculate the taxable amount of capital gain if CII for 2014-15 is 1024. Security transaction tax on sale of shares has been paid. 11

5. (a) What is net wealth? How is it computed? 4+7=11

Or

- (b) Discuss, in detail, the provisions of the Wealth-tax Act regarding the deemed assets. 11

6. (a) What do you mean by setoff of losses? When can a loss be carried forward to set off against future income? Discuss briefly the provisions of the Income-tax Act regarding the carry forward and setoff of losses from capital gain. 3+4+5=12

Or

- (b) Determine the total income of Mr. A from the particulars given below for the previous year, 2013-14 and present year, 2014-15 : 12

	<i>Previous Year</i> 2013-14 ₹	<i>Present Year</i> 2014-15 ₹
Computed property income	20,000	20,000
Computed salary income	1,90,000	2,20,000
Business profit before depreciation	40,000	1,20,000
Depreciation for the year	1,20,000	1,40,000
Short-term capital gain	10,000	Nil
Income from other sources	20,000	40,000

7. (a) What propositions may an employee consider for the purpose of tax planning under the head 'Salaries'?

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Or

(b) Write notes on the following : 5+6=11

(i) Tax evasion

(ii) Deductions u/s 80C

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