

**2 0 1 9**

( May )

COMMERCE

( Speciality )

Course : 601

( **Direct Tax—II** )

Time : 3 hours

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

( New Course )

Full Marks : 80

Pass Marks : 24

1. (a) Write True or False :

1×4=4

- (i) Any income arising from transfer of long-term capital asset, being shares and the transaction of sale of such securities is entered into a recognised Stock Exchange in India on or after 01.10.2004 shall be fully exempted.

(ii) Reserve or Provision for bad and doubtful debt will be fully allowed to be debited u/s 36.

(iii) From the Assessment Year, 2006-07, speculation loss shall be carried forward for 4 succeeding previous years.

(iv) Income by way of Interest on Securities held as stock-in-trade is taxable under the head income from other sources.

(b) Fill in the blanks : 1×4=4

(i) Income received as rent from sub-letting would be taxable under the head \_\_\_\_\_.

(ii) Salary, bonus, interest, commission or remuneration received by a partner and allowed as deduction u/s 40(b) is taxable under the head \_\_\_\_\_.

(iii) Long-term capital loss can be carried forward for \_\_\_\_\_ succeeding previous years to be set off only from long-term capital gains.

(iv) All those assets to which one rate of depreciation is applicable are known as \_\_\_\_\_.

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

- (a) Additional Depreciation [Sec. 32(1) (IIA)]
- (b) Capital Gains exempted from Tax
- (c) Deemed Income
- (d) Specific Incomes [Sec. 56(2)]
- (e) Difference between Tax Planning and Tax Avoidance

3. (a) What is business as per the Income-tax Act, 1961? Explain charging provisions u/s 28 for the income taxable under the head profit and gains from business and profession. 4+10=14

Or

(b) From the following Profit & Loss A/c of Mr. Anil, compute business income for the Assessment Year, 2018-19 : 14

Dr.	Particulars	₹	Particulars	₹	Cr.
To	Salaries	60,000	By	Gross Profit	4,40,000
"	Rent	40,000	"	Rent from	
"	Discount	10,000		House Property	60,000
"	Depreciation	15,000	"	Interest on Bank	
"	Legal Expenses	10,000		Deposits	20,000
"	Donations	8,000	"	Dividends from	
"	Municipal Taxes	4,000		Indian Companies	15,000
"	Insurance	12,000	"	Lottery Winnings	45,000

Dr.	<i>Particulars</i>	₹	<i>Particulars</i>	₹	Cr.
To	Entertainment	15,000	By	Bad Debts	
"	Advertising	24,000		Recovered	5,000
"	Sales Tax	6,000			
"	Income Tax	8,000			
"	Travelling Expenses	12,000			
"	Provision for				
	Bad Debts	6,000			
"	Net Profit	3,55,000			
		5,85,000			5,85,000

*Additional Information :*

- (i) Salaries include ₹ 10,000 paid to proprietor's son for his casual help
- (ii) Rent was paid for the godown owned by the proprietor
- (iii) Out of municipal taxes ₹ 3,000, out of insurance premium ₹ 2,000 relate to let out house property
- (iv) Allowable depreciation—₹ 22,000
- (v) Donations were given to an approved institution
- (vi) Advertising bill was paid through bearer cheque

4. (a) Define 'capital gain'. Discuss the procedure for computation of capital gain.

4+10=14

Or

(b) Mr. Arindam owns two houses at Jorhat and Dibrugarh. He transfers the following long-term capital assets during 2017-18 :

	<i>Residential House Property at Dibrugarh</i>	<i>Gold</i>	<i>Silver</i>
Date of sale	19.04.2017	20.04.2017	21.04.2017
Sale consideration (₹)	9,00,000	8,00,000	5,00,000
Indexed cost of acquisition (₹)	4,00,000	6,00,000	1,50,000

Mr. Arindam purchases the following assets :

	<i>Date of purchase</i>	<i>Amount invested ₹</i>
Residential house at Guwahati	20.10.2017	7,50,000
Bonds of National Highway Authority of India (NHAI) for the purpose of Section 54EC	19.10.2017	2,50,000

Ascertain the amount of capital gain chargeable to tax for the Assessment Year, 2018-19. Can Mr. Arindam claim exemptions under Sections 54, 54EC and 54F?

5. (a) What are the provisions of the Income-tax Act, 1961 regarding set-off of losses? Discuss briefly the provisions of the Income-tax Act regarding the carry forward of loss from business income and capital gain.

4+10=14

Or

- (b) The following are the particulars of income and loss of an individual under different heads of income. Set off losses in the Assessment Year, 2018-19 and find out the Gross Total Income :

	14
	₹
Income from house property A	4,000
Loss from house property B	9,000
Income from interest on securities	25,000
Loss from cycle business	35,000
Profit from speculation business	35,000
Loss from short-term capital asset	7,000
Long-term capital loss	25,500
Long-term capital gain (investments)	21,500

6. (a) Explain the meaning, need and limitations of tax planning. 14

Or

- (b) "A tax planner should have a thorough knowledge of various sources of law relating to the income tax." Discuss. 14

( Old Course )

Full Marks : 80

Pass Marks : 32

1. (a) Write True or False : 1×4=4

- (i) Rent paid by a partnership firm to one of its partners for using his house for the business of the firm is an admissible deduction.
- (ii) Term Capital Asset u/s 2(14) includes only tangible asset.
- (iii) Income Tax Authorities shall act as authorities under the Wealth-tax Act.
- (iv) With effect from Assessment Year, 1999–2000 loss under the head house property can be carried forward for 8 succeeding previous years to be set off from income under the head house property only.

(b) Fill in the blanks : 1×4=4

- (i) 100% of advertisement expenses exceeding ₹ \_\_\_\_\_ paid in cash are disallowed expenses on computation of profit from business.

(ii) Cost Inflation Index (CII) for the Assessment Year, 2017-18 is \_\_\_\_.

(iii) Speculation loss to be carried forward for \_\_\_\_ succeeding previous years [Section 73(4)].

(iv) When total depreciation is more than available profits, the excess is called \_\_\_\_ depreciation.

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

(a) Inadmissible deduction u/s 40

(b) Capital assets

(c) Carry forward of loss from capital gain

(d) Net wealth under the Wealth-tax Act

(e) General incomes [Section 56(1)]

3. (a) What is understood by the term 'depreciation'? Discuss the rules regarding grant of deduction for depreciation. 4+8=12



Or

(b) The following is the Profit & Loss A/c of Mr. Gaurav for the year ending 31.03.2018 :

Dr.	Particulars	₹	Particulars	₹	Cr.
To	Opening Stock	15,000	By	Sales	1,00,000
"	Purchases	40,000	"	Closing Stock	20,000
"	Wages	20,000	"	Gift from father	15,000
"	Rent	6,000	"	Sale of Motorcar	9,000
"	Repairs to Motorcar	3,000	"	Refund of Income	3,000
"	Income Tax paid	5,000			
"	Medical Expenses	2,000			
"	General Expenses	10,000			
"	Bad Debts	500			
"	Provision for Bad Debts	1,000			
"	Depreciation	5,000			
"	Profit for the year	39,500			
		<u>1,47,000</u>			<u>1,47,000</u>

*Additional Information :*

(i) Rent includes ₹ 1,000 paid for the residential portion

(ii) General expenses include ₹ 1,000 paid to the domestic servant

(iii) Depreciation admissible under the Income-tax Act is ₹ 10,000

Compute his taxable income from business for the relevant Assessment Year.

4. (a) What are capital assets in the context of capital gains? Describe the assets which are outside the purview of capital gains.

4+7=11

Or

- (b) What is transfer of capital asset? Under what circumstances a transfer is not regarded as transfer under Section 47 of the Income-tax Act?

4+7=11

5. (a) What is meant by the term 'assets' under the Wealth-tax Act? What are the assets mentioned in Section 2(ea) of the Wealth-tax Act?

4+7=11

Or

- (b) Explain the deemed assets under the Wealth-tax Act.

11

6. (a) Discuss the provisions of the Income-tax Act, 1961 regarding carry forward and set-off of losses.

11

Or

- (b) (i) Describe the rules of set-off of losses from one head against the income of the other head.

6

- (ii) How loss under the head house property is to be carried forward?

5

7. (a) What is Tax Planning? Distinguish between Tax Planning and Tax Avoidance. 5+6=11

*Or*

- (b) Write short notes on the following : 4+4+3=11

- (i) Requisites of a Successful Tax Planner
- (ii) Tax Management
- (iii) Tax Evasion

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