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(November)

COMMERCE

(Speciality)

Course : 504

(**Direct Tax—I**)

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 receipts cannot be treated as taxable incomes.
- (ii) Scholarship received by a student to meet the cost of education is casual income.

(2)

(iii) No person other than individual or HUF can be 'not ordinarily resident in India'.

(iv) A has two house properties. Both are self-occupied. The annual value of both houses will be nil.

(b) Reproduce the correct answer : $1 \times 4 = 4$

(i) Income tax is applicable to

- (1) whole of India except the State of Jammu and Kashmir
- (2) whole of India
- (3) whole of India except the State of Sikkim

(ii) 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

(iii) Embezzlement of cash by a cashier is

- (1) a revenue loss
- (2) a casual loss
- (3) a capital loss

(3)

(iv) Leave travel concession is a tax-free perquisite

- (1) for one journey in a block of four years
- (2) for one journey per year
- (3) for two journeys in a block of four years

2. Write short notes on :

$4 \times 4 = 16$

- (a) Person
- (b) Deemed Assessee
- (c) Non-Resident Indian
- (d) Income of the previous year assessed in the previous year

3. (a) Give an overview of income-tax law in India.

11

Or

- (b) Write an explanatory note on 'residential status and tax liability' of a person as per the provisions of Income-tax Act.

(4)

4. (a) What do you mean by income exempted from tax? Name any fourteen items of income which do not form part of total income. 4+7=11

Or

- (b) Explain the provisions of law relating to tax holiday for newly established units in Special Economic Zones. 11
5. (a) From the following information, compute the taxable income for the assessment year 2013-14 under the head 'salaries' of Mr. R who is an employee of a tea company at Guwahati : 12
- (i) Basic salary—₹ 15,000 p.m.
 - (ii) DA @ ₹ 5,000 p.m.
 - (iii) Employer is paying insurance premium of ₹ 15,000 p.a. on R's life
 - (iv) He gets house rent allowance @ ₹ 2,000 p.m. He pays a rent of ₹ 2,500 p.m.
 - (v) He is provided with a car of 1.5 lt. capacity engine with driver which was used partly for official and partly for private purposes
 - (vi) Education allowance for grand-child @ ₹ 400 p.m.

(5)

(vii) Employer's contribution to recognised provident fund is @ 20% of salary and the interest credited to this fund at 14% rate amounted to ₹ 14,000

(viii) Medical expenses paid by employer ₹ 15,000

(ix) He took advance salary of 2 months

(x) The company provided him the facility of a gardener and a cook, each of whom is being paid a salary of ₹ 500 per month. The company also paid ₹ 5,000 for his electric bills and ₹ 3,000 for his water bills

(xi) The employer spent ₹ 2,500 on his refresher course

(xii) Profession tax paid by Mr. R is ₹ 2,500

Or

- (b) What is the meaning of the term 'perquisites' under the head 'salary'? Explain tax-free perquisites with suitable example. 4+8=12

(6)

6. (a) Explain the following as per the provision of the Income-tax Act : 4+3+4=11
- (i) Basis of charging income from house property
 - (ii) Deemed to let out property
 - (iii) Allowable deductions in computing house property income

Or

- (b) Mr. A owns two self-occupied houses in Jorhat. From the following information, find out that which house he should choose as self-occupied : 11

	House—I ₹	House—II ₹
Standard rent fixed under Rent Control Act	36,000	56,000
Fair Rent	42,000	62,000
Municipal Valuation	24,000	44,000
Municipal Taxes (paid)	1,200	1,200
Municipal Taxes (due)	1,200	1,200
Ground Rent (paid)	1,000	500

Date of completion of these houses was 31-01-2010. Mr. A had taken a loan of ₹ 4,00,000 @ 10% p.a. for construction of House-I on 01-06-2008 and he repaid ₹ 2,00,000 on 01-10-2012.

(7)

7. (a) What are the authorities provided by the Income-tax Act for the administration of tax? Discuss very briefly the powers of income-tax officer. 4+7=11

Or

- (b) Write short notes on : 6+5=11
- (i) Central Board of Direct Taxes
 - (ii) Commissioner of Income tax
