

2014

(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) Body of individuals should consist of individuals only.

(ii) Once a person is a resident in a previous year, he shall be deemed to be resident for subsequent previous year also.

(2)

(iii) Retrenchment compensation received by a workman at the time of his retrenchment is exempt under Section 10(10B) to the maximum extent of ₹ 5,00,000.

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

(b) Fill in the blanks : 1×4=4

(i) A new business was set up on 15.10.2013 and it commenced its business from 01.12.2013. The first previous year in this case shall be —.

(ii) Monthly pension received by a government employee is —.

(iii) Dividend received by a company from a domestic company is —.

(iv) Total income of a person is determined on the basis of — in India.

(3)

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

(a) Income tax law in India

(b) Assessee

(c) Scope of total income

(d) Residence and tax liability

3. (a) Explain the special provisions of law relating to tax holiday for newly established undertakings in free trade zones. 14

Or

(b) Explain the special provisions of law relating to tax holiday for newly established 100 percent export-oriented undertakings.

4. (a) From the following information, compute the taxable income under the head 'Salaries' for the assessment year 2014-15 of Mr. P who is a central government employee at Dibrugarh : 14

(i) Basic salary—₹ 30,000 p.m.

(ii) DA (enters)—60% of salary

(4)

- (iii) Transport allowance for commuting from home to office—
₹ 2,000 p.m.
- (iv) Deputation allowance (for two months)—₹ 3,000 p.m.
- (v) Education allowance for two children at ₹ 250 per month per child and hostel allowance for two children at ₹ 450 per month per child
- (vi) He has been provided with a rent-free accommodation. The license fee for the accommodation has been fixed at ₹ 2,000 p.m. The government has also provided him with furniture items costing ₹ 1,00,000 (w.d.v. ₹ 75,000) for his personal use
- (vii) He has been provided with the facility of a servant and a watchman with effect from 01.10.2013 and the government is paying ₹ 3,000 p.m. to each of them

(5)

- (viii) A laptop costing ₹ 45,000 has been given to him for his official as well as personal purposes
- (ix) On 01.04.2013, he took a loan of ₹ 1,50,000 from his employer to buy a car at a concessional rate of interest of 8% p.a. SBI rate of interest as on 01.04.2013 is 14% p.a.
- (x) He paid professional tax of ₹ 3,000 p.a.

Or

- (b) What are the provisions of the Income-tax Act regarding the following? 5+5+4=14
- (i) Gratuity
- (ii) Encashment of leave
- (iii) Retrenchment compensation

5. (a) State the provisions relating to computation of income from house property.

(6)

Or

- (b) Mr. S owns a house property in New Delhi. From the particulars given below, compute his income from house property for the assessment year 2014-15 :

Municipal value—₹ 2,00,000

Fair rent—₹ 2,52,000

Standard rent—₹ 2,40,000

Actual rent (per month)—₹ 23,000

Municipal taxes—

20% of municipal value

Municipal taxes paid during

the year—50% of tax levied

Expenses on repairs—₹ 20,000

Insurance premium—₹ 5,000

Mr. S had borrowed a sum of ₹ 15,00,000 @ 15% p.a. on 01.07.2012 and the construction of the property was completed on 31.01.2014.

(7)

6. (a) What are the powers of the Commissioner of Income Tax in regard to search and seizure under Section 132 of the Income-tax Act?

14

Or

- (b) State the scope of power of Commissioner of Income Tax. How does the same differ from the powers of Commissioner of Income Tax (Appeals)?
