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(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) Once a person is a resident in a previous year, he shall be deemed to be resident for subsequent previous year also.
- (ii) Scholarship received by a student to meet the cost of education is casual income.

(2)

- (iii) Compensation received at the time of voluntary retirement is exempt to the maximum extent of ₹ 5,00,000.
- (iv) Municipal tax is a deduction from net annual value.
- (b) Choose the correct answer to the following : 1×4=4
- (i) Total income of a person is determined on the basis of his
- (1) residential status in India
 - (2) citizenship in India
 - (3) Both of the above
- (ii) Where the income of an individual includes the income of minor children, such individual shall be entitled to an exemption of
- (1) ₹ 2,000
 - (2) ₹ 1,500 per minor child
 - (3) ₹ 1,500 per minor child or to the extent of income of the minor child included in the total income of the assessee, whichever is less

(3)

- (iii) D owns a house in which he lives. His employer reimburses to him the electricity bill amounting to ₹ 6,000. It shall be a perquisite for
- (1) specified employee only
 - (2) employee other than specified employees
 - (3) both specified and other employees
- (iv) Which of the following new Income Tax authorities has been provided w.e.f 01.06.2013?
- (1) Principal Chief Commissioner of Income Tax
 - (2) Chief Commissioner of Income Tax
 - (3) Joint Commissioner of Income Tax
2. Write short notes on any *four* of the following : 4×4=16
- (a) Concept of income
 - (b) Method of accounting
 - (c) Profit in lieu of salary
 - (d) Leave salary
 - (e) Exempted property income
 - (f) Income tax authorities

(4)

3. (a) Discuss about the statutory obligation to file return of income by different persons under the Income-tax Act, 1961. 14

Or

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

4. (a) Shri Hari is an employee of a Guwahati-based company. He provides the following particulars of his salary income :

- (i) Basic Salary—₹ 15,000 p.m.
(ii) Bonus—₹ 15,000
(iii) Commission on turnover achieved—₹ 40,000
(iv) Club facility—₹ 7,000
(v) Rent-free house provided by employer. Lease rent paid by employer—₹ 7,200
(vi) Transport allowance—₹ 2,000 p.m.
(vii) Free education facility of three children (bills issued in the name of employer)—₹ 24,000

(5)

- (viii) Interest credited to recognized provident fund @ 12% amounted to ₹ 24,000

- (ix) Free use of motorcar of 1.8 lt capacity for both official and personal purposes—expenses are met by employer.

- (x) He paid—₹ 3,000 as professional tax

Compute Shri Hari's income under the head 'income from salary' for the assessment year, 2016-17. 14

Or

- (b) What is the meaning of the term 'perquisites' under the head 'Salary'? Explain tax-free perquisites with suitable example. 4+10=14

5. (a) JP owns a residential house property. It has two equal residential units—Unit-I and Unit-II. While Unit-I is self-occupied by JP for his residential purpose, Unit-II is let out (rent being ₹ 6,000 per month, rent of 2 months could not be recovered). Municipal tax is imposed @ 12% which is paid by JP. Other expenses for the previous

(6)

year 2015-16 being repairs : ₹ 2,500,
insurance : ₹ 6,000, interest on capital,
borrowed during 1998, for constructing
the property : ₹ 63,000.

Find the income from house property of
JP for the assessment year, 2016-17. 14

Or

- (b) Explain how to compute taxable
income from self-occupied house
property. Write a short note on deemed
ownership. 10+4=14

6. (a) Who are the Income-tax authorities
constituted under the Income-tax Act?
What are the powers, functions and
duties of the Income-tax Officers? 5+9=14

Or

- (b) Describe the procedure of an appeal to
the Deputy Commissioner (Appeals).
Give various orders against which the
appeal can be preferred. 7+7=14

(7)

(Old Course)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

1. (a) Write True or False : 1×4=4

- (i) Body of individuals should consist
of individuals only.
- (ii) No person other than individual
or HUF can be 'not ordinarily
resident in India'.
- (iii) Casual income received by the
assessee is fully exempt.
- (iv) Monthly pension received by a
Government employee is taxable.

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

- (i) Residential status is to be
determined for
- (1) previous year
- (2) assessment year
- (3) accounting year

(8)

(ii) The daily allowance received by a Member of the Parliament is
(1) taxable
(2) exempt
(3) included in total income for rate purposes

(iii) C is entitled to hostel expenditure allowance @ ₹ 600 p.m. per child for 3 children. It will be exempt to the extent of

- (1) ₹ 1,800
- (2) ₹ 900
- (3) ₹ 600

(iv) The ceiling limit of deduction u/s 24(b) in respect of Interest on Loan taken on 01.06.2014 for reconstruction of a self-occupied house is

- (1) ₹ 1,50,000
- (2) ₹ 30,000
- (3) no limit

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

- (a) Previous Year
- (b) Agricultural Income

(9)

- (c) Capital Asset
- (d) House Rent Allowance
- (e) Special Economic Zone
- (f) Composite Rent

3. (a) Explain the provisions relating to newly established industrial undertaking established in free-trade zones u/s 10A of the Income-tax Act, 1961. 14

Or

(b) "The incidence of income tax depends upon the residential status of an assessee." Explain in detail this statement.

4. (a) From the following information, compute the taxable income from salary of Sri Krishna for the assessment year 2016-17 : 14

- (i) Basic salary—₹ 2,50,000
- (ii) Dearness allowance—₹ 50,000
(enters into retirement benefit)
- (iii) Rent paid for a residential house at Tinsukia—₹ 72,000
- (iv) House rent allowance received by him—₹ 68,000

(10)

(v) Education allowance for two children—₹ 5,000

(vi) Medical expenses paid by the employer—₹ 24,000

(vii) He contributes 15% of his salary to a recognized provident fund to his employer who also contributes an equal amount

(viii) Interest credited to recognized provident fund @ 11% amounted to ₹ 13,530

(ix) He is given a free lunch worth ₹ 200 per day

(x) He pays ₹ 2,500 as professional tax

Or

(b) Explain as to how the following items are treated in computing taxable income : 4+4+6=14

(i) Recognized Provident Fund

(ii) Commutation of Pension

(iii) Relief u/s 89(1) of the Income-tax Act

5. (a) State the provisions relating to computation of 'Income from House Property'.

14

(11)

Or

(b) From the information given below, find out the income under the head 'Income from House Property' for the assessment year 2016-17 :

	House-I ₹	House-II ₹
Municipal Valuation (MV)	1,90,000	1,90,000
Fair Rent (FR)	1,85,000	1,95,000
Standard Rent (SR)	1,70,000	1,70,000
Annual Rent	2,16,000	1,75,000
Unrealized Rent for the previous year, 2015-16	30,000	30,000
Interest on borrowed capital (per annum)	36,000	36,000

The above stated properties are let out throughout the previous year 2015-16. Municipal tax (paid) is at the rate of 20%.

14

6. (a) State the scope of power of commissioner of income tax. How does the same differ from the powers of commissioner of income tax (appeals)? 14

Or

(b) What are the powers of the commissioner of income tax in regard to search and seizure u/s 132 of the Income-tax Act?

14
