

## 2. Principles of Taxation Law

1. Write 'true' or 'false' against each of the following : 1×10=10

(a) Income of previous year of an assessee is taxed during the following assessment year.

(b) Under the Income Tax Act the term 'person' includes only an individual and the term 'income' does not include loss.

(c) Agricultural income tax in Assam is exempted upto Rs. 2,50,000/-.

(d) Evasion of tax is a punishable offence.

(e) One of the basic condition which has to be satisfied by an individual to be a resident of India in any previous year is — he is in India in the previous year for a period of at least 180 days.

(f) Salary includes pension.

(g) The combined maximum deduction allowable u/s 80C, 80CCC, 80CCD and 80D cannot exceed Rs. 1,50,000/-.

- (h) Central Board of Direct Taxes was constituted under the Central Board of Revenue Act, 1963.
- (i) Under the Assam Value Added Tax Act, 2003 a 'contractor' means any person who executes a work contract and includes a sub-contractor.
- (j) 'Output tax' in relation to a registered dealer means the tax charged or chargeable under this Act in respect of the goods sold by that dealer.

2. Briefly explain the following :  $2 \times 5 = 10$

- (a) Tax planning
- (b) Valuation of stock
- (c) Long term Capital Gain
- (d) Set off of losses from one head of income with another head of income
- (e) Provision of Audit under the AVAT Act, 2003.

3. What are the fundamental principles relating to Tax Laws in India ? Differentiate between direct tax and indirect tax system.

$6 + 6 = 12$

**OR**

Define agricultural income under the Assam Agricultural Income tax Act, 1939. What are the rules governing determination of taxable agricultural income under this Act?

4+8=12

4. Write an explanatory note on Capital expenditure *vs.* Revenue expenditure giving suitable examples and also examine their deductibility from receipts taxable under the Income Tax Act, 1961. 12

**OR**

Write in brief the provisions of the Income Tax Act, 1961 in respect of the following :

6×2=12

- (a) Taxability of income of an Educational Institution
- (b) Special provisions relating to incentives given to the newly established 100% export oriented undertakings.
5. Discuss the provisions relating to the computation of 'Income from Salary' under the Income Tax Act, 1961. 12

**OR**

Discuss the general principles governing assessment of profit and gains from business or profession under the Income Tax Act, 1961. 12

6. Enumerate the various situations where incomes of other persons are clubbed with the total income of an assessee under the Income Tax Act, 1961. 12

**OR**

Write explanatory notes on the following :  
6×2=12

- (a) Rules for carry forward and set off of speculation loss
- (b) Due date of return of income.
7. Discuss in detail the incidence and levy of VAT under the Assam Value Added Tax Act, 2003. What happens when input tax credit exceeds the tax liability of an assessee?

8+4=12

**OR**

Write explanatory notes on the following :

6+6=12

(a) Composition Scheme

(b) Amendment, suspension and cancellation of Certificate of Registration under the AVAT Act.

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SI=1+8