

CBCS SCHEME

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18MBAFM303

Third Semester MBA Degree Examination, Jan./Feb. 2021

Direct Taxation

Time: 3 hrs.

Max. Marks:100

Note: 1. Answer any FOUR full questions from Q.No.1 to 7.
2. Q.No. 8 is compulsory.

- 1 a. Define the term "assessee" as per the Income Tax Act 1961. (03 Marks)
b. Ms. Bindu, a non-resident, residing in New York since 1991, came back to India on 19-02-2018 for permanent settlement in India. Explain the residential status of Ms. Bindu for A.Y. 2020-21. (07 Marks)
c. From the below particulars of Mr. Anirudh for year ended 31.03.2020, compute the total income for Assessment Year (A.Y) 2020-21, if he is
(i) Resident and Ordinary Resident
(ii) Resident and not ordinarily resident
(iii) Non Resident.
- | Particulars | Amount |
|--|--------|
| a. Profit on sale of shares in Indian company received in Germany | 15,000 |
| b. Dividend from a Japanese company in Japan | 10,000 |
| c. Rent from property in London deposited in London, later remitted to India | 75,000 |
| d. Dividend from RP Ltd, an Indian Company | 6,000 |
| e. Agricultural income from lands in Gujarat | 25,000 |
- (10 Marks)
- 2 a. What is gross total income? (03 Marks)
b. Mr. Shah, an Accounts Manager, has retired for JK Ltd. on 15.01.2020 after rendering services for 30 years 7 months. His salary is Rs.25,000 p.m. upto 30.09.2019 and Rs.27,000 thereafter. He also gets Rs. 2000/- p.m as Dearness Allowance (55% of it is a part of salary for computing retirement benefits). He is not covered by the Payments of Gratuity Act 1972. He has received Rs. 8 lacs as gratuity from the employer. (07 Marks)
c. What are various heads of income and discuss its importance? (10 Marks)
- 3 a. What is indexed cost of Acquisition? (03 Marks)
b. Briefly explain different types of assessee. (07 Marks)
c. Discuss Set-off and carry forward of losses. (10 Marks)
- 4 a. What is block of assets? (03 Marks)
b. Mr. Bee purchased a residential house on July, 20, 2017 for Rs.10,00,000 (10 lac) and made some additions to the house incurring Rs. 2,00,000 in August 2017. He sold the house property in April 2019 for Rs. 20,00,000. Out of the sale proceeds, he spent Rs.5,00,000 to purchase another house property in September 2019. What is the amount of capital gains taxable in the hands Mr. Bee for A.Y. 2020-21? (07 Marks)
c. Discuss deductions U/S 80C to 80U. (10 Marks)
- 5 a. What is a slump sale? (03 Marks)
b. Write a short note on Other Incomes. (07 Marks)

Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.
2. Any revealing of identification, appeal to evaluator and /or equations written eg, 42+8 = 50, will be treated as malpractice.

- c. Mr. Kumar is the owner of a residential house which was purchased in September, 2003 for Rs. 700000. He sold the said house on 5th Aug 2019 for Rs. 30,00,000. Valuation as per stamp valuation authority of the said plot of land was Rs. 44,00,000. He invested Rs. 8,00,000 in NHAI Bonds on 12th January 2020. He purchased a residential house on 8th September, 2019 for Rs. 12,00,000. He gives other particulars as follows:

Interest on bank deposit Rs. 32000

Investment on PPF Rs. 12000

You are requested to calculate the taxable income for the A.Y. 2020-21.

CII for F.Y. 2003-04 and 2019-20 are 109 and 289 respectively.

(10 Marks)

- 6 a. What is MAT? (03 Marks)
 b. Briefly discuss provisions of Sec 54, Sec 54EC and Sec 54F under heads of Income from Capital Gain. (07 Marks)
 c. Following is the profit and loss A/c of Mr. Q for the year ended 31-03-2020.

Particulars	Rs.	Particulars	Rs.
To Repairs on Building	1,81,000	By Gross Profit	6,01,000
To amount paid to IIT, Mumbai for an approved Scientific research program	1,00,000	By I. T. refund	8,100
To Interest	1,10,000	By Interest on Company deposits	6,400
To Travelling	1,30,550		
To Net Profit	93,950		
	6,15,500		6,15,500

Following additional information are furnished:

- Repairs on building includes Rs. 100000 being cost of laying on Toilet roof.
- Interest payments include Rs. 50,000 on which TDS has not been deducted and penalty for contravention of Central Sales Tax Act of Rs. 24000.

Compute the income chargeable under the head "Profit and Gains of business and profession" of Mr. Q for the year ended 31-03-2020 ignoring depreciation. (10 Marks)

- 7 a. State any three incomes exempt from tax under Sec 10. (03 Marks)
 b. Write a short note on : (i) Tax planning (ii) Tax avoidance (iii) Tax evasion (07 Marks)
 c. Mr. Nambiar, a salaried employee, furnishes the following details for the financial year 2019-20 :

Particulars	Rs.
Basic Salary	6,00,000
Dearness Allowance	3,20,000
Commission	50,000
Entertainment allowance	7,500
Medical expenses reimbursed by the employer	21,000
Profession Tax (of this 50% paid by employer)	7,000
Health Insurance Premium paid by employer	9,000
Gift voucher given by employer on his Birthday	12,000
Life insurance premium of Nambiar paid by employer	34,000
Laptop provided for use at home Actual cost to employer [Children of assessee also use the laptop]	30,000
Employer company owns a Tata Nano car, which was provided to assessee, both for official and personal use. No driver was provided. Engine cubic capacity less than 1.6 ltrs.	
Annual credit card fees paid by employer (credit card not exclusively used for official purpose, details of usage not available).	2,000

You are required to compute the income chargeable under head "Salaries" for A.Y. 2020-21.

(10 Marks)

8 Case Study (Compulsory) :

Mr. Rahul an assessee aged 61 years gives the following information for previous year 31-03-2020 :

a. Loss from profession	1,05,000
b. Capital loss on sale of property short term	55,000
c. Capital gains on sale of shares (long term)	2,05,000
d. Loss in respect of self occupied property	15,000
e. Loss in respect of let out property	30,000
f. Share of loss from firm	1,60,000
g. Income from Card Games	55,000
h. Winning from Lotteries	1,00,000
i. Loss from horse races in Mumbai	40,000
j. Investment in Infrastructure bonds	21,000
k. Medical Insurance premium paid by cheque	18,000

Compute the total income of Mr. Rahul for the assessment year 2020-21. Provide sufficient information on exemptions and treatment. (20 Marks)
