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Reg. No.....

Name.....

**M.Com. DEGREE (C.S.S.) EXAMINATION, JANUARY 2024**

**Third Semester**

Faculty of Commerce

DT 30 C12—DIRECT TAXES—LAW AND PRACTICE

(2018 Admissions—Supplementary/2017, 2016 and 2015 Admissions—Mercy Chance)

Time : Three Hours

Maximum Weight : 30

**Section A**

*Answer any five questions.*

*Each question carries a weight of 1.*

1. Explain Assessee in Default.
2. Explain profit in lieu of salary.
3. State the provisions regarding set-off of capital loss.
4. Explain the deduction under section 80C.
5. Smt. Suchetha is an employee getting a monthly salary of Rs. 10,000 plus a dearness allowance of Rs. 1,000 per month. She contributed 14 % of her salary and dearness allowance to a recognised provident fund to which her employer contributes an equal amount. Interest on provident fund is determined @ 14 % per annum which amounted to Rs. 4,200 for the previous year. What will be her taxable salary.
6. Shri. Dixon owned a plot of land and 500 shares in an Indian company during the previous year 2019-20. The land was purchased by him in July, 2018 for Rs. 3,50,000 whereas the shares were acquired on March 5, 2019 for Rs. 50,000. Both these assets were sold by him for Rs. 6,20,000 (Rs. 5,30,000 for land) in December, 2019. Ascertain the profit chargeable to tax during the Assessment Year 2020-21.





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7. Santhosh started construction of a house on 1.6.2016 and to a loan of Rs. 3,00,000 @ 15 % per annum. He took another loan of Rs. 9,00,000 @ 18 % per annum on 1.4.2019. The construction was completed on 30.11.2019 and was self occupied from 1.12.2019. Compute his income from house property for the Assessment Year 2020-21.
8. Mr. Devdath was born in India in 1986. From 2006 to 2016 he was in Japan. From 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017 he was in India. From 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2019 he was in Canada. On 1<sup>st</sup> April 2019 he came to India and is staying in India. What will be his residential status in India, for the Previous Year 2019-20.

(5 × 1 = 5)

### Section B

*Answer any five questions.*

*Each question carries a weight of 2.*

9. From the following information computer the income from house property of Mr. Felix for the financial year 2019-20.

	Rs.
Municipal valuation	— 1,50,000
Fair rental value	— 1,80,000
Standard rent	— 1,60,000
Actual rent received	— 20,000 per month

Municipal taxes 4 %, half of which is paid by Mr. Felix and the other half paid by the tenant. Unrealised rent admissible Rs. 25,000.

Interest on loan taken for the repairing of the property Rs. 40,000





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10. Mr. Ram is working in a company at Rs. 18,000 p.m salary.

The company has provided him with a rent-free house, for which the company paid a monthly rent of Rs. 4,000. It has also provided him the necessary furniture, etc., costing Rs. 16,000. The electric bills are also paid by the company which average Rs. 500 per month. The company also provided him with free service of a gardener whom the company paid Rs. 280 p.m. The company has given a large car along with a chauffeur. Mr. Ram himself bears the expenses of car relating to his personal use. He is getting Rs. 3,000 p.m as entertainment allowance. He is also provided free lunch in the office on 200 working days which costs the company Rs. 12,000. He contributes 12% of his salary to the recognised provident fund, the company contributing equal sum. The amount of interest credited to his provident fund account for the previous year is Rs. 10,000. Compute Mr. Ram's gross salary income for the assessment year 2020-21.

11. Mr. Guru gives the following particulars from his accounts for the year ended 31-3-2020.

Net profit—2,00,000. Contribution to unrecognised provident fund—40,000. Provision for income tax—10,000. Advertisement expenses, including an advertisement for Rs. 4,000 in souvenir published by a political party—20,000. Provision for excise duty—30,000. Holiday home expenses—35,000. Insurance premium for the health of employees paid by cheque—10,000. Penalty imposed by customs authorities for breach of law—65,000. Interest for late payment of GST—1,000.

Compute income from the business.

12. Prabhakar sold a house property on 30th Nov. 2019 for Rs. 7,50,000. He had acquired this property from Omkar under a will on 1-6-2011 and expended Rs. 36,800 on its improvement in 2011-12. Compute Prabhakar's income under the head capital gains for the Assessment Year 2020-21 assuming that Omkar had acquired this property at a cost of Rs. 1,40,000 in 2001-02 and further spent Rs. 15,000 during the same year on its improvement. The cost inflation indices are 2001-02 is 100, 2011-12 is 184, 2019-20 is 289.





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13. Mr. Rudran a resident individual, submits the following particulars of his income for the year ended 31<sup>st</sup> March,2020 :

Income from royalty from a coal mine- Rs. 20,000. Agricultural income in Pakistan - Rs. 15,000. Salary for a part-time job with a firm - Rs. 21,000. Salary as Member of Parliament Rs. 36,000. Daily allowance as M.P - Rs. 15,000. He has taken a residential house on rent of Rs. 1,000 p.a., half of which he has sub-let at Rs. 1,200 p.m. Dividend received from a cooperative society - Rs. 5,000. He has incurred the following expenses :

- (i) Paid collection charges Rs.100 for collecting dividends.
- (ii) Rs. 3,000 spent for earning and collecting royalty income.

Compute Mr. Rudran's income from other sources for the Assessment year 2020-21.

14. On 1<sup>st</sup> April, 2019 the W.D.V of a block of assets comprising ten machines in the production department (rate of depreciation 15 %) is 12,50,000. A new machine falling within that block is acquired on 15<sup>th</sup> December, 2019 for Rs. 2,00,000. On 24<sup>th</sup> January, 2020 all the ten machines were sold for Rs. 50,000 leaving only the newly acquired machine in the block. Determine the amount of depreciation.
15. In what circumstances is the income of one person treated as the income of another ?
16. What are the provisions governing the set-off of losses ?

(5 × 2 = 10)

### Section C

*Answer any **three** questions.  
Each question carries a weight of 5.*

17. From the following information compute the income from house property of Mr. Hima for the year 2019-20.

The house has two floors, one is let out and the other is self occupied. The let out portion fetches a monthly income of Rs. 10,000. municipal value of the house is Rs.2,00,000 while the standard rent is Rs. 2,50,000. However, the fair rental value is Rs. 2,20,000. Municipal taxes paid during the year Rs. 10,000. Interest due on loan taken for the construction of the house was Rs. 80,000 during the year. Loan was taken in 2014.

Computation of income form house property for the year 2019-20.





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18. Mr. Riju's investment during the year ended 31<sup>st</sup> March, 2020 consisted of the following :

- (a) 7 % Government securities—25,000.
- (b) 8 % Agra municipal bonds—15,000.
- (c) 9 % Bombay port trust bonds—20,000.
- (d) 7 % Govt. Bonds—18,000.
- (e) 6 % securities of a foreign government—15,000.
- (f) Interest credited to Sukanya Samridhi Account—3,000.

He paid Rs. 60 as commission for collecting the taxable interest on securities and Rs. 1,200 as interest on the loan which he had taken for the purpose of purchasing the Bombay port Trust Bonds. Find out his income under the head Income from other sources.

19. For the assessment year 2020-21, the following particulars are furnished by Ms. Durga, a resident Indian citizen.

- (a) Net basic salary after deduction of tax at source—1,40,000
- (b) Tax deducted at source—20,000.
- (c) Own contribution to the provident fund—8,000.
- (d) Employer's contribution to the Provident Fund—20,000.
- (e) Interest credited to the Provident Fund @ 8.5 %—6,000.
- (f) Travelling expenses for elf and husband for proceeding on leave—3,000.
- (g) Contribution by employer to an approved gratuity fund—5,000.
- (h) House rent allowance(House is at Kolkata and rent paid Rs. 9,400)—7,000.
- (i) Dividends from an Indian Company(Gross)—18,000

Compute the total income of Ms. Durga for the assessment year and tax payable by her assuming that she paid professional tax Rs. 3,000 and made a donation Rs. 20,000 to an approved family planning scheme of the Government of India.





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20. From the following detail of HUF, calculate the total income and tax liability for the Assessment year 2020-21.
- (a) Gross agricultural income—52,500.
  - (b) Expenses incurred in connection with agriculture—4,500
  - (c) Dividend from an Indian Company—10,000
  - (d) Profit from the business of purchase and sale of shares—10,00,000.
  - (e) Securities transaction tax paid on above (d)—1,15,000.
  - (f) Share of profit from a firm— 9,500.
  - (g) Long term capital loss—7,900.
  - (h) Shortterm capital loss—5,000.
  - (i) Interest on saving bank account—10,000.
  - (j) Donation to an approved institution by cheque—10,000.
21. Explain the various income exempted u/s 10.
22. Mr. Samuel john working in Tata jute Mills, Mumbai. He gets basic pay @ Rs. 70,000 p.m., dearness allowance @ Rs. 5,000 p.m, entertainment allowance @ Rs. 1,500 p.m., and education allowance Rs. 350 p.m. for a child. He has been provided with a rent-free house by the Mills, the fair rent of which is Rs. 2,00,000 p.a. He has been also provided by the Mill with the facility of free use of furniture costing Rs. 40,000 and refrigerator costing Rs. 8,000. The Mill has provided him two small cars, the expenses relating to the car are borne by the Mill. The cars are used partly for private purposes also. The salary of the drivers is paid by Mill. Other information relating to cars are : cost of each car Rs. 3,00,000 ; salary to each driver Rs. 5,000 p.m. Expenses first car Rs. 70,000 and second car Rs. 50,000. Rs. 15,000 on the treatment of Mr. Samuel and his family members in a private hospital (not owned by the employer) were reimbursed by the Mill. The company has provided the amenity of free lunch and free refreshment in office, the cost of which is Rs. 60 and Rs. 20 per day respectively for 250 days. He as well as the company contributes 14% of full basic pay and half of the dearness allowance towards Recognised Provident Fund.
- Compute Mr. Samuel's salary income for the Assessment Year 2020-21.

(3 × 5 = 15)

