Reg.No. \_\_\_\_\_\_\_\_\_\_\_\_

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**End Semester Examination – Nov/Dec – 2018**

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| **Code :** | **17BB2010** | **Duration :** | **3hrs** |
| **Sub. Name :** | **DIRECT TAXATION** | **Max. marks :** | **100** |

**ANSWER ALL QUESTIONS (5 x 20 = 100 Marks)**

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| **Q. No.** | **Sub Div.** | **Questions** | **Course**  **Outcome** | **Marks** |
| 1. | a. | Who are the different types of assessee? | CO2 | 10 |
| b. | Determine the residential status of the following assessee under the Income tax act for the previous year 2016-17 giving reasons for your answers   * 1. Mr. A came to India for the first time From Kuwait on 25th September 2010. He stayed here for four years and left for the UK on deputation for the government of India on 26th September 2014. He returned to India on 1st May 2015 and again went to UK for a job offered by English company on 1st December 2015. He came to India for permanent settlement on 26th September 2016.   2. Mr B left India for West Germany for higher studies on 1st December 2013. He maintained the dwelling house for him in Delhi throughout the period he was in west Germany. During winter vacations he came to India twice on 4th of January 2015 and stayed for 30 days and again on 25th December 2015 and stayed for 28 days. After completing his studies he came back to India for good on 28 November 2016.   3. Are Hindu undivided family is carrying on the family business in India. The business is having its head office in Kanpur where from it is controlled. The Karta of the family was in Kenya for a business purpose throughout the year ended 31st March 2016 and 2017. | CO3 | 10 |
| (OR) | | | | |
| 2. | a. | I. During the previous year 2016-17 mr X an Indian citizen came to India on a visit off 143 day. Determine his residential status before the assessment year 2017-18 on the basis of the following information:   * 1. During 2012 13 X is present in India for 365 days   2. During 2013-14 to 2015-16 Mr. X is in Japan for 360 days, 80 days and 345 days respectively   3. Mrs. X is a non resident in india for the assessment year 2017-18   II. Does it make any difference if X is an American Citizen | CO3 | 10 |
| b. | * 1. Mr. Misra an Indian Citizen, who is appointed as taxation adviser by the government of Uganda, leave India for the first time on March 25, 2014 for joining his duties in Uganda. He is not Maintaining any residential house in India. During the Previous year 2016-17 he comes to India on leave for 85 days. Determine his residential status for the Assessment year 2017-18   2. X came to India for the first time from USA on 30th June 2010. He stayed in India for 3 years and left for japan on 1st July 2013. He returned to India on 1st April 2014 and remained in India till 31st July 2016 when he went back to USA. He again came to India taking up an employment with an American Concern, on 21st January 2017. What is his residential Status for the previous year ended 31st March 2017?   3. An Individual left india for Iran on 15th July 2014, for taking up a job in engineering firm there. He was not out of india in past. State giving reasons, whats his residential status will be for previous year 2016-17 | CO3 | 10 |
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| 3. | a. | Taxability of Gift and exemption on taxability of Gift. | CO2 | 10 |
| b. | Mr. M is a Production manager of an industrial Unit in Chennai. The particulars of his salary income are as under:   |  |  | | --- | --- | | Basic Salary | Rs. 15,000 PM | | Dearness allowance(given under the terms of employment) | Rs. 5,000 PM | | Entertainment allowance | Rs. 1,000 PM | | Medical Allowance | Rs. 500 PM | | House Rent allowance | Rs. 4,000 PM | | Rent paid for the house | Rs. 5,000 PM |   Car of 1.2 Lt Capacity provided by employer for private and official Use.  Employer meets expenses of car.  He and his Employer (each) Contribute 15% of Salary to R.P.F  Mr. M has taken interest free loan of Rs. 15,000 to purchase refrigerator.  Compute Income under the head Salary for the assessment year 2017-18. | CO3 | 10 |
| (OR) | | | | |
| 4. | a. | Mr. K Retired on 13-02-2017 and received Rs. 1,80,000 as leave encashment for 15 Months. He has served for 20 Years and his employer allowed him 15 days lea for every one year of service. His Salary for calendar year 2016 was Rs. 11,000 PM and it was raised to Rs. 12,500 PM with effect from 01-01-2017. His salary is due on last day of the month. Compute taxable amount of leave encashment. | CO3 | 10 |
| b. | * 1. Mr. Lalu Retired on 30-11-2016 from a coal mine after putting service of 28 years and 10 months. At the time of his retirement he was getting a salary of Rs. 16,000 PM and he use to get an increment of Rs. 500 PM on 1st April every year. His DA was Rs. 2,000 PM. Gratuity Received Rs. 3,40,000. Find out his taxable gratuity, if he is covered under Gratuity Act, 1972   2. Mr. Girish retired on 15-06-2016 from a manufacturing company after putting service of 30 years and 7 months. He received gratuity of Rs. 3,60,000. Basic Salary of Mr. Girish was Rs. 20,000 PM during 2015 and Rs. 22,000 PM during 2016. He was also getting DA of Rs. 5,000 PM which was increased from Rs. 4,000 on 01-04-2016. 50% of DA is presumed to enter into salary for computation of all retirement benefits but 100% of DA is part of basic salary for calculation of Pension Benefits. Compute his taxable gratuity, if he is not covered under Payment of Gratuity Act 1972 | CO3 | 10 |
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| 5. | a. | Explain 5 Deductions available Under Sec 80 of IT act | CO2 | 10 |
| b. | Mr. Anil Built a residential House at Hyderabad and for the completion of the house he took a Loan of Rs. 20 Lacs from a bank as under:   * 1. On 105-2010 Rs. 8,00,000 @ 10%   2. On -1-11-2011 Rs. 8,00,000 @ 9%   3. On 01-01-2013 Rs. 4,00,000 @ 8%   House was completed in October 2013 and since then it is occupied for the residential purpose of his family. He repaid Rs. 4,00,000 to the bank and on 1st Dec 2016 and bank adjusted this amount against the loan of 2010.  Determine the amount of deduction admissible U/s 24. | CO3 | 10 |
| (OR) | | | | |
| 6. | a. | Mr. D.D Dewan & Company are Chartered Accountants in Delhi. They are submitted the Following Income and Expenditure Account for the year. Computer the Income from profession   |  |  |  |  | | --- | --- | --- | --- | | **Expenses** | **Rs.** | **Income** | **Rs.** | | To Drawings | 48,000 | By Audit Fees | 2,24,000 | | Office Rent | 42,000 | Financial Consultancy Service | 98,000 | | Telephone Installation Charges | 15,000 | Dividends from an Indian company(gross) | 6,000 | | EB | 4,200 | Dividend on Units of UTI | 4,000 | | Salary to staff | 66,000 | Accountancy works | 24,000 | | Charities | 1,200 |  |  | | Gifts given to relatives | 9,600 |  |  | | Car Expenses | 21,000 |  |  | | Subscription for Journals | 2,500 |  |  | | Institute fees | 1,200 |  |  | | Stipend to trainees | 12,000 |  |  | | Net Income | 1,33,300 |  |  | |  | 3,56,000 |  | 3,56,000 |  1. Depreciation for car during the year amounts to Rs. 5000 2. 30% of the time car is used for personal Purpose. | CO3 | 10 |
|  | b. | |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | S.No | Particulars | WDV as on 01-04-2016 | Addition during the Year | Scrap Value of Sales put out of use during the Year | Rate of Depreciation | | 1 | Plant and Machinery | 42,20,000 | 6,90,000 | 2,10,000 | 15% | | 2. | Aircraft | 34,50,000 | - | - | 40% | | 3 | Motor Buses & Lorries(used for hire) | 6,40,000 | 2,80,000 | - | 30% | | 4 | Imported car | - | 3,60,000 | - | 15% | | 5 | Patent Right |  | 8,00,000 | - | 25% | | 6 | Technical Know -how |  | 6,00,000 |  | 25% |   M/s. A & Bros. have following assets as on 01-04-2016  Calculate the amount of Depreciation which firm can claim for the assessment year 2017-18 and also calculate the WDV on 01-04-2017. New Bus was brought into use from 01-12-2016, plant and Machinery on 01-07-2016 and patent right and Technical Know-how on 01-11-2016 and imported car on 01-06-2016 | CO3 | 10 |
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| 7. | a. | What deductions are allowed from the annual value in computing taxable income from house property, Explain. | CO2 | 10 |
| b. | Mr. B owns a house property at cochin, It consists of 3 independent units and information about the property is given below:   1. UNIT 1: Own Residence 2. UNIT 2: LET OUT 3. UNIT 3: OWN BUSINESS 4. MRV Rs. 1,20,000 PA 5. FRV Rs. 1,32,000 PA 6. Standard Rent Rs. 1,08,000 PA 7. Rent Rs. 3,500 P.M 8. Unrealised rent For 2 months 9. Repairs Rs. 10,000 10. Insurance Rs. 2,000 11. Interest on Money borrowed for   the construction of property Rs. 96,000   1. Municipal Taxes Rs. 14,400 2. Date of Completion 01-11-2011 | CO3 | 10 |
| (OR) | | | | |
| 8. | a. | From the Following Particulars of Mr. AmarpreetThind. Compute the amount of taxable gifts chargeable as “Income Under the head Other sources”   * 1. He received a Cheque of Rs. 1,00,000 as gift from his grandfather on 15th May 2016.   2. He received Rs. 21,000 from his Friend form Canada as a gift on 31st May 2016.   3. He received Rs. 5,00,000 under a will from his grandmother on 30th June 2016   4. He received Rs. 50,000 a father’s friend on 30th June 2016   5. He received Rs. 75,000 as gift from uncle on 30th September 2016 on his birthday   6. He received Rs. 20,000 as gift from his employer on 1st October 2016   7. He received Gift of Rs. 51,000 from his father’s brother on 30th November 2016 | CO3 | 10 |
| b. | Mr. A Purchased a piece of Land for Rs. 5,00,000 during the previous year 1997-98. In 1999-2000 he agreed rto sell it to Mr. B for Rs, 9,00,000 and accepted an advance money of Rs. 50,000. Mr. B however failed to honor his promise and could not get the sale deed executed in his favour within stipulated time. As a result the advance money was forfeited by Mr. A Now-   * 1. Mr. A Has sold his land during 2016-17 for Rs. 20,00,000. Determine the amount of Capital gains chargeable to tax in the hand of Mr.A.   2. Suppose Mr.A Received advance money in May 2015 and forfeited the same as the buyer could not pay the balance amount within stipulated period of 3 months.   3. Suppose Mr.A transferred this land to Mr.C under a gift deed during 2002-03 and land is sold by Mr. C for Rs. 20,00,000 during 2016-17. Calculate Capital Gain in the hand of Mr. C   [ C.I.I for 1997-98 is 331, for 1999-2000 is 389, 2002-03 is 447, and for 2016-17 is 1125] | CO3 | 10 |
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|  | | **Compulsory**: |  |  |
| 9. | a. | Explain House Rent Allowance and its provisions. | CO2 | 5 |
| b. | Assessee have been divided into three categories on the basis of residence. Explain how these categories are defined and how they effect the tax liability of an assessee. | CO2 | 5 |
| c. | What deductions are allowed from the annual value in computing taxable income from house property. | CO2 | 5 |
| d. | What are the different classification of heads of Income as per IT ACT ? | CO2 | 5` |