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(1126)

**B.B.A. IIIrd Semester (0023) Examination**

**0878**

**DIRECT TAX LAWS**

(BBA 206)

**Time : 3 Hours]**

**[Maximum Marks : 80**

**Note :-** There are *three* Sections A, B and C. Attempt *four* questions from Section A of 5 marks each and *two* questions each from Section B and Section C of 15 marks each.

**Section-A**

1. What do you mean by agriculture income ? What are the procedures of integration of agriculture income with non-agriculture income ? 5
2. What are the provisions of Income Tax Act regarding admissibility of expenses incurred on scientific research from business or professional income ? 5

3. Sh. Rajeev Sharma, who is not covered by the Payment of Gratuity Act, 1972 receives a gratuity of Rs. 12,64,000 when he retires on 15th September, 2015 after a service of 34 years 8 months and 22 days. His last drawn emoluments are as follows :

Basic Salary	Rs. 60,000 per month.
Dearness Allowance	Rs. 15,000 per month (Not as per terms of employment).
Servant Allowance	Rs. 2,000 per month.

Annual increment to basic salary Rs. 5,000 per month falls due on 1st January every year. What amount of Gratuity is chargeable to tax for the assessment year 2016-17 ?

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4. The following are the incomes of Shree Vishal Sharma for the previous year 2015-16 :

	Rs.
(i) Dividend from Indian Company	15,000

- (ii) Profit from business in Japan received  
in India 18,000
- (iii) Profit from business in Pakistan  
deposited in a bank there. This  
business is controlled from India 28,000
- (iv) Profit from business in Indore  
(Controlled by London Head Office) 21,000
- (v) Interest received from a non-resident  
Mr. Abdul, on the loan provided to  
him for a business carried on in India. 15,000
- (vi) Income was earned in America and  
received there, but brought in India 12,000
- (vii) Share of income from Indian  
Partnership Firm 25,000
- (viii) Income from House Property in India  
received in America (calculated) 17,000

(ix) Interest on debentures of an Indian company received in Dubai. 7,000

(x) Capital Gain on sale of agricultural land situated at Ajmer (urban area) 10,000

Compute his taxable income if he is :

(a) Resident

(b) Non-ordinarily Resident

(c) Non-resident

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5. Sh. Rajeev Sharma has gross total income of Rs. 10,50,000 for the previous year. He has contributed for the following donations during the previous year. Calculate amount of deduction available U/S 80G :

(i) Sum paid Municipal Corporation for promotion of family planning Rs. 42,000

(ii) Amount given to National Children's fund Rs. 5,000

- (iii) Sum paid towards Africa Fund Rs. 10,000
- (iv) Sum paid to the Chief Minister's Earthquake Relief Fund, Maharashtra Rs.50,000
- (v) Donations made to Zila Saksharta Samitee Rs. 20,000
- (vi) Sums paid to an Indian Olympic Association (With limit 100%) Rs. 20,000
- (vii) Donations given for repair/renovation of Temple Rs. 10,000
- (viii) Donation given to a corporation constituted for promoting the interest of Minority community Rs. 5,000.

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6. Mr. P's investment during the year ended 31st March, 2016 consisted of the following :

	Rs.
(i) 7% Government Securities	25,000
(ii) 8% Agra Municipal Bonds	15,000



(iii) 9% Bombay Port Trust Bonds	20,000
(iv) 7% Govt. Bonds	18,000
(v) 6% Securities of a Foreign Government	15,000
(vi) Interest credited to Sukanya Samriddhi A/c	3,000

He paid Rs 60 as commission for collecting the taxable interest on securities & Rs. 1,200 as interest on loan which he had taken for the purpose of purchasing the Bombay Port Trust Bonds.

Find out his income from other sources.

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### Section-B

7. Smt. Sakshi Dutta is an employee of a private college in Delhi. She is in the grade of Rs. 4,800-200-7,500 since 1st January, 2013. She gets Rs. 5,000 per month as dearness allowance and C.C.A Rs. 300 p.m. She has been provided with a furnished accommodation by the college. The college is not the

owner of this house. The rental value of the house is Rs.4,000 per month and furniture costing Rs. 25,000 has also been provided by the college. She has been given a small car which in addition to college work, is used by her for her private purposes also. The driver's remuneration and all the expenses relating to the use of the car are borne by the college.

She has been provided with the facility of a gardener, a watchman and a servant who are paid by the college @ Rs. 180 p.m., Rs. 1,500 p.m. and Rs. 1,000 p.m. respectively. She contributes 10% of her pay to the Recognised Provident Fund, towards which the college contributes @ 14%. She paid employment tax Rs. 800 during the year.

Assuming that the salary becomes due on the first of the next month, determine her taxable income under the head 'Salaries' for the assessment year 2016-17 15

8. Mr. Sanyam is the owner of a house property in Delhi. Its M.V. is Rs. 1,75,000; F.R.V is Rs. 2,00,000; Standard rent is Rs. 1,90,000. It has been let out for Rs. 1,90,000 p.a. The municipal tax payable by the owner comes to Rs. 15,000 but the landlord has taken an agreement from the tenant stating that the tenant would pay the tax direct to the municipality. The landlord, however, bears the following expenses on tenant's amenities under an agreement :

	Rs.
Water Charges	3,000
Lift Maintenance	4,000
Lighting of Stairs	1,800
Gardener's Salary	1,5000



The landlord claims the following deductions :

Repairs	35,000
Land revenue	2,000
Collection Charges	3,000
Legal expenses incurred in connection with the purchase of land	28,000

Compute the taxable income from house property for the A.Y. 2016-17.

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9. How is the residential status of an individual determined for computing his tax liability ? Explain the incidence of residence on tax liability.

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10. What do you mean by agriculture income ? What are the procedures of integration of agriculture income with non-agriculture income? Explain with the help of an example.

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### Section-B

11. What are the assets which are not included in Capital Gain ? Explain the capital gains which are exempted.

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12. Write a note on set-off and carry forward of losses. 15

13. Sri M.L.Rampal is the proprietor of a business. His

Profit and Loss Account for the year ended March

31, 2016, is as follows : 15

	Rs.		Rs.
Establishment Expenses	4,800	Gross Profit	3,50,800
Rent, Rates & Taxes	2,900	Interest on Govt.	
General Charges	750	Securities	5,400
Household Expenses	51,730	Rent from House	
Commission	1,500	Property	5,400
Discount & Allowances	450		
Provision for Bad debts	1,200		
Postage and telegrams	270		
Law charges	450		
Advertising	1,550		

Fire Insurance Premium 360

(for goods)

Repairs and Renewals 2,080

(not for business premises)

Loss on sale of Motor-car 1,800

(used for private purposes)

Life Insurance Premium 1,790

Interest on capital 1,090

Audit Fee 300

Interest on bank loan 1,380

Provision for Depreciation 2,500

Provision for Income Tax 3,900

Net Profit transferred

to Capital A/C 2,80,840

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3,61,640

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3,61,640

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Following further information is given :

- (a) Actual bad Debts written-off during the year amount to Rs. 550.
- (b) Amount of Income tax actually paid during the year is Rs. 4, 200.
- (c) Depreciation allowable is Rs. 1,700 as per Income tax Rules.
- (d) Advertising Expenses include Rs. 550 spent on special advertising campaign to open a new shop in the market.
- (e) Law charges are in connection with protection of a trademark.
- (f) Sri M.L. Rampal carries on his business from a rented premise, half of which is used as his residence. Rent, Rates and Taxes include Rs. 2,400 paid as rent of the premises during the year.

(g) Bank loan is taken for business purposes.

Compute the business income of Sri M.L.Rampal for the A.Y. 2016-17.

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14. Shri Vyom Sharma, working in Western India Limited, Mumbai, has furnished the following details of his income for the year ended March 31, 2016 :

- (i) Salary Rs. 15,000 per month.
- (ii) Bonus equal to six months' salary.
- (iii) Transport allowance (for coming to office and going back to his residence) at Rs. 650 per month.
- (iv) Entertainment allowance at Rs. 800 per month.
- (v) Received house rent allowance of Rs. 4,000 per month from the employer, but he paid a rent of Rs. 5,000 p.m.
- (vi) Personal medical bills of Rs. 15,000 were reimbursed by the employer. His treatment has



been done in a private nursing home not belonging to employer.

- (vii) His contribution to the company's Recognized Provident Fund is Rs. 28,000 and the employer contributes an equal amount. The interest credited to the Provident Fund Account 11.5% per annum Rs. 15,000.
- (viii) Interest on Government Securities Rs. 4,000.
- (ix) Income from units of Mutual Fund Rs. 5,500 (Gross).
- (x) Interest on Post Office Savings bank Rs. 7,500.
- (xi) Donation paid to Prime Minister's Drought relief Fund Rs. 3,500.
- (xii) Donation paid to Government for the promotion of family planning Rs. 3,000.
- (xiii) Life Insurance premium paid during the year Rs. 5,200.

Compute the total income of Shri Vyom Sharma for the A.Y. 2016-17 and also, state the amount entitled to deduction U/S 80C.

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