

(i) Printed Pages : 8 Roll No.

(ii) Questions : 14 Sub. Code :

0	8	3	5
---	---	---	---

Exam. Code :

0	0	1	6
---	---	---	---

Bachelor of Commerce 6th Semester

(2053)

DIRECT TAX LAW

Paper : BCM-601

Time Allowed : Three Hours] [Maximum Marks : 80

Note :—Attempt **FOUR** short answer type questions from Section-A. Attempt **TWO** questions each from Section-B and Section-C respectively.

SECTION—A

1. What do you understand by 'tax holiday' ?
2. 'It is said that clubbing is not applicable in case of negative income'. Explain.
3. Show the adjustment of following losses and incomes of an individual for the previous year ending on March 31, 2022 :

Rs.

(a) Depreciation B/F from previous year 2013-14	1,00,000
(b) Depreciation B/F from previous year 2016-17	1,50,000
(c) Income under the head 'Profits & Gains'	2,00,000
(d) Income from other sources	3,20,000
(e) Depreciation B/F from previous year 2019-20	1,90,000

4. Mr. Subash is serving with a company and his income computed under the head 'salaries' for the year ending 31.3.22 was Rs. 3.39,000. He gave Rs. 10,000 to Ganga Development Board which is carrying on a project approved u/s 35 AC. He gave Rs. 20,000 to National Rural Development fund. What will be the treatment of his donations ?
5. Explain the provisions of section 115 BAC with an example.
6. Discuss the provisions of assessment of firm/LLP under Section 185. 4×5

SECTION—B

7. Write notes on :—
 - (a) Deemed incomes and their taxability
 - (b) Setting off losses.
8. What do you understand by the Qualifying amount u/s 80G ? Who is entitled to it and what are the provisions of Act in this connection ?
9. X (40 years) is a salaried employee, employed by A Ltd. as finance advisor. His income and tax incentives for the previous year 2021-22 are as follows :

	Rs.
Basic salary	40,00,000
House rent allowance [out of Rs. 90,000, Rs. 60,000 is exempt under section 10(13A)]	90,000
Perquisite in respect of car and driver (for official and private use) (expenditure incurred by A Ltd. : Rs. 2,10,000)	2,10,000
Conveyance allowance/travelling for official use (amount of allowance : Rs. 60,000, expenditure incurred by X for official purposes : Rs. 59,000)	60,000

	Rs.
Prepaid food vouchers (Rs. 60 × 300 working days)	18,000
Leave travel concession (LTC) [out of Rs. 1,95,000, Rs. 1,83,000 is exempt under section 10(5)]	1,95,000
NPS contribution by A Ltd. (12% of basic salary)	4,80,000
Payment of professional tax	2,000
Income from Property A (self-occupied)	(–) 1,05,000
Income from Property B (let out)	60,000
Income from Property C (let out)	(–) 80,000
Savings bank account interest received by minor son of X	800
Saving bank account interest received by minor daughter of X	2,000
Interest on savings bank account of X	28,000
Interest on public provident fund credited on March 31, 2022	3,55,000
Interest credited to Sukanya Samriddhi Account in the name of minor daughter	29,000
Deduction under section 80D, 80E, 80EEA, 80EEB and 80G	3,14,400
NPS contribution by X	4,00,000
PPF contribution by X	20,000
Determine the taxable income of X for the assessment year 2022-23. Further, find out tax liability of X under the old tax regime.	

10. For the assessment year 2022-23, X (61 years) submits the following particulars :

Income :	Rs.
Basic Salary	2,88,600
Project allowance	1,06,000
High cost of living allowance	1,12,400
Commission (1% on turnover, turnover achieved by X : Rs. 60,00,000)	60,000
Gift of kitchen appliances by employer (cost to employer : Rs. 13,400)	
House rent allowance (rent paid in Delhi : Rs. 90,000)	1,00,000
Pension from a former employer	1,76,800
Profit and gains of newly set up small scale industrial undertaking in Jammu (date of commencement of production : March 3, 2011)	1,34,000
Profit from publication of books	1,40,000
Income from royalty on "Financial Account", a book written by X in Hindi and recommended by the Rajasthan University (gross amount : Rs. 17,000, expenses : Rs. 5,000)	12,000
Interest on Post Office Savings Bank	15,500
Interest on bank fixed deposit	90,000
Profits from the business of dealing in equity shares on which securities transaction tax of Rs. 18,760 is paid (and the profit is calculated after deducting securities transaction tax of Rs. 18,760)	

	Rs.
Profits from business of hardware	35,000
Profit from export of goods outside India	2,28,000
Income from royalty on patents	3,21,000
Payments	19,000
Insurance premium on life insurance policy on the life of Mrs. X (policy was taken by the Hindu undivided family of X in 2008 and sum assured is Rs. 8,20,000)	1,24,000
Determine the net income of X for the assessment year 2022-23 assuming that he is eligible for claiming a deduction of Rs. 33,500 under section 80JJAA.	2×15

SECTION—C

- Write a detailed note on Income Tax Authorities.
- What are the different penalties which can be imposed under the provision of Income-tax Act, 1961 ?
- Following are the particulars of income of co-parceners of an H.U.F. consisting of Mr. A, B and C (brothers) and A being the eldest is the Karta.

Business Income :

Family is running a Jewellery shop in Jaipur and its profit for the year ending on 31st March, 2022 is Rs. 5,36,500.

During the previous year 2020-21, family suffered a loss of Rs. 1,50,000 for which a return u/s 139 was filed in time.

Family entered into a partnership firm in 2012 to set up a small scale industrial unit and invested Rs. 5,00,000. Mr. C, a co-parcener was made as one of the partners and during the year the share of profit is Rs. 3,00,000

House Property Income :

Family had an ancestral plot on which constructed 3 houses. One house is under the occupation of the family and the other two are let out at a rent of Rs. 15,000 p.m. each. Family borrowed Rs. 10,00,000 @ 10% for the construction of these houses. All these houses were completed in 2014. Loan of Rs. 4,00,000 was returned in July 2020 and balance amount of loan is still outstanding.

Rs.

Income from other Sources :

Interest on Govt. Securities—(Net of TDS)	- 90,000
Dividend from Units of mutual funds	40,000
Dividend from a Co-operative Society	10,000
Interest on debentures in the name of Karta —Mr. A (Amount invested out of family funds)	60,000

Capital Gains :

Long term capital gain from sale of an old plot	2,20,000
Long term capital gain on sale of Jewellery	40,000
Short term capital gain from sale of shares (SST paid)	40,000
Short term capital loss from sale of shares (STT paid)	60,000

Compute H.U.F.'s total income and tax liability for the assessment year 2022-23.

14. Shri A and B are equal working partners in a firm. whose Profit & Loss Account for the year ended 31st March, 2022 is given below and has submitted its partnership deed along with return. The payment of salary, commission and interest @ 14% has been made as per deed :

	Rs.		Rs.
To Salary, Wages and Bonus	4,000	By Gross Profit	1,44,500
Loss on sale of motor car	9,000	Interest (Bank)	9,000
General Expenses	13,000	Bad Debts recovered (Disallowed in earlier year's assessment)	1,100
Goods and Services Tax	300		
Rent, Rates and Taxes	2,500		
Income Tax Reserve	1,500		
Depreciation on old plant and machinery	1,200		
Bad Debts written off	300		
Bad Debts Reserve	800		
Advertising	2,000		
Subscription	1,000		
Donation to a Hospital (Notified u/s 80G)	5,000		
Interest on Capital :			
Rs.			
A 8,400			
B 5,600	14,000		
Partner's salaries :			
A 50,000			
B 30,000	80,000		
Commission to B	10,000		
Net Profit			
A 5,000			
B 5,000	10,000		
Total	1,54,600	Total	1,54,600

Notes :—

- (a) General expenses include Rs. 200 being legal charges for drawing up a new partnership deed.
- (b) Advertising represents Rs. 2,000, being cost of insertion in trade journals.
- (c) The motorcar is entirely used for private purpose of the partners.
 - (i) The written down value of old plant and machinery as on 1st April, 2021 is Rs. 40,000.
 - (ii) On 1-11-2021 a new plant and machinery (complete unit) amounting to Rs. 60,000 was purchased & installed and put into use for commercial production.
 - (iii) Depreciation at 15% is allowable on all plant and machinery.
- (d) Rent, Rates and Taxes include Rs. 1,200 being rent paid to A for premises used for business.

Compute the assessable income of the firm and find out partners' income taxable under the head Profits and Gains.

2×15