



**WEST BENGAL STATE UNIVERSITY**  
B.Com. Honours 3rd Semester Examination, 2020, held in 2021

**FACACOR06T-B.COM. (CC6)**

**DIRECT TAXATION**

Time Allotted: 2 Hours

Full Marks: 50

*The figures in the margin indicate full marks.  
Candidates should answer in their own words and adhere to the word limit as practicable.  
All symbols are of usual significance.*

**GROUP-A**

**Answer any two questions from the following**

10×2=20

1. (a) Mrs. Kuhu joins an Indian company on January 10, 2020. Prior to January 10, 2020, she is in her first employment with ABC Ltd., an Indian company, since May 28, 2019. She does not have any other source of income. State the previous years applicable to Mrs. Kuhu in connection with the assessment years 2020-21 and 2021-22. 2
- (b) Donald Duck, a US national joined HCC Ltd. as an engineer in India on 1<sup>st</sup> May, 2009. On 31<sup>st</sup> December 2011 he went to Vietnam on deputation. On 1<sup>st</sup> April 2014 he came back to India and left for Vietnam again on 31<sup>st</sup> March, 2016. He returned to India and resumed his office on 1<sup>st</sup> October, 2019. Determine his residential status for the A.Y. 2020-21. 5
- (c) Classify the following into appropriate category of persons: 3
  - (i) West Bengal State University
  - (ii) Kolkata Municipal Corporation
  - (iii) ABC LLP.
2. (a) Write a note on 'profit in lieu of salary'. 4
- (b) From the following particulars compute the income from salary of Mr. Amit Das for the Assessment Year 2020-2021: 6
  - (i) Net salary including all allowances is Rs. 8,20,000 after deducting (A) Employee's contribution to R.P.F. Rs. 1,20,000, (B) Professional tax: Rs. 2,400, (C) For Loan: Rs. 80,000.
  - (ii) House rent allowance received Rs. 48,000. Mr. Das lives in Kolkata in a flat for a rent of Rs. 10,000 p.m.
  - (iii) D.A. 30% of basic pay (not forming part of the salary).
3. (a) From the following details for the year 2019-20, compute depreciation allowance and capital gain (or loss), if any, for the relevant assessment year: 7

**Rs.**

W.D.V. of the Block of Plant and Machinery on April 1, 2019 (consisting of plant A and plant B: Depreciation rate 15%)	1,50,000
Cost of plant C acquired on November 12, 2019 (depreciation rate 15%)	50,000
Plant A was sold for either at (i) Rs. 1,40,000 or (ii) Rs. 2,50,000.	

(b) Mention any three cases of non-capital assets under the Income Tax Act. 3

4. Mr. Kumar has three house properties. The first house is in Patna, which is used for his residential purpose. The second and third houses are in Ranchi, which are let out for residential purposes. 10

The particulars of the house are as follows:

	<b>First House</b>	<b>Second House</b>	<b>Third House</b>
Municipal value (Rs.)	2,00,000	3,00,000	4,00,000
Municipal tax (50% borne by the tenant)	10%	15%	15%
Annual rent (Rs.)	—	4,80,000	4,50,000
Vacancy Period	—	2 months	—
Interest on loan taken for purchase (Rs.)	2,10,000	2,30,000	1,40,000

Compute Mr. Kumar's income from house property for the assessment year 2020-21.

5. (a) Mr. Mantu makes the following savings/investments during the previous year 2019-20: 7

	<b>Rs.</b>
Life insurance Premium paid on own life (sum assured Rs. 40,000)	8,500
Life insurance Premium paid on the life of his father	14,500
Life insurance Premium paid on the life of his wife	14,000
Life insurance Premium paid on the life of his major son	3,500
Contribution towards Public Provident Fund	88,000
Repayment of House Building Loan (Principal: Rs. 35,000; Interest: Rs. 20,000)	55,000
Tuition Fees for his son (This excludes Rs. 10,000 as development fee)	22,000

You are required to find out the allowable amount of deduction u/s 80C to Mr. Mantu for the assessment year 2020-21.

- (b) State any three exceptions in respect of inter-source adjustment of losses u/s 70. 3

6. (a) What do you mean by advance tax? 2

- (b) From the following estimated income details provided by Mrs. Mehendi (age: 35 years) in relation to the previous year 2019-20, find out the amount of advance tax payable (with the amount of installments by different due dates) by her for the assessment year 2020-21. 8

Business Income	Rs. 8,50,000
Loss from self-occupied house	Rs. 40,000
Other Income	Rs. 30,000
Savings in PPF	Rs. 1,60,000
Tax Deducted at Source (TDS)	Rs. 25,000

**GROUP-B****Answer any two questions from the following****15×2=30**

7. (a) State why determination of residential status is important. 3
- (b) State with reasons which of the following income are agricultural income: 4
- (i) Salary received by an acting partner from a firm the entire income of which is agricultural income.
  - (ii) Dividend received by a shareholder from a company engaged in agricultural activities.
  - (iii) Income derived from lease of a land in Bangladesh for grazing of cattle required for agricultural operations.
  - (iv) Profit earned from the sale of agricultural land.
- (c) Mr. Ashok, an employee of AG Co. Ltd., received Rs. 7,20,000 as gratuity under the Payment of Gratuity Act, 1972 and a pension of Rs. 20,000 per month. He retired on January 31, 2020 after rendering service of 30 years and 4 months. At the time of retirement, his monthly salary was Rs. 26,000 and he commuted 60 percent of his pension to receive Rs. 4,80,000 as commuted pension. Compute amount of gratuity and pension chargeable to tax for the assessment year 2020-21 in the hands of Mr. Ashok. 8
8. From the following particulars of income of Mr. Roddur (working in a private company) for the previous year 2019-20, compute his income from salary for the assessment year 2020-21. 15
- (i) He was appointed on 1<sup>st</sup> January, 2018 in the scale of Rs. 25,000-500-35,000.
  - (ii) Dearness allowance 50 percent of the basic salary as per the terms of employment.
  - (iii) Transport allowance for commuting between office and residence: Rs. 1,000 p.m.
  - (iv) Children education allowance for each child @ Rs. 500 p.m. (Mr. Roddur has two sons and one daughter).
  - (v) He encashed one month earned leave and received Rs.10,000.
  - (vi) He contributed 15% of his salary to Recognized Provident Fund. His employer also contributed an equal amount.
  - (vii) Interest credited to Recognized Provident Fund @ 11% is Rs. 12,100 during the year.
  - (viii) He was provided by his employer with a rent-free furnished house in Kolkata. Employer pays rent for the house Rs. 10,000 per month and the cost of furniture provided is Rs. 50,000.
  - (ix) Medical bill for private check-up reimbursed by the employer Rs. 25,000.
  - (x) Professional tax: Rs. 200 per month is paid by the employer.

9. Mrs. Mamai furnished the following Profit and Loss Account for the year ended 31<sup>st</sup> March, 2020. Compute her taxable business income for the assessment year 2020-21.

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	Rs.		Rs.
To Opening Stock	2,88,000	By Sales	50,00,000
„ Purchase	32,00,000	„ Closing Stock	3,60,000
„ Wages	1,60,000		
„ Freight	1,20,000		
„ Gross Profit c/d	15,92,000		
	<b>53,60,000</b>		<b>53,60,000</b>
To Staff Salaries	3,60,000	By Gross Profit b/d	15,92,000
„ Reserve for bad debts	32,000	„ Sale of old machine	30,000
„ Depreciation	40,000	„ Interest on Bank Deposit	35,000
„ Advertisement	40,000	„ Bad debt recovered	10,000
„ Income Tax	1,00,000	(previously disallowed)	
„ Contribution to Staff Welfare Fund	44,000		
„ Interest on Capital	32,000		
„ Audit Fee	60,000		
„ Donations	30,000		
„ Insurance	10,000		
„ Net Profit	9,19,000		
	<b>16,67,000</b>		<b>16,67,000</b>

Other information:

- Both opening and closing stocks are undervalued by 10 percent.
- Purchase includes a payment of Rs. 90,000 paid by a bearer cheque.
- Freight includes penalty for violation of laws of Rs. 20,000.
- Depreciation as per Income Tax rules amounts to Rs. 30,000.
- Advertisement includes Rs. 5,000 for a new signboard.
- Insurance includes 30% paid for the insurance of business assets and the balance paid as life insurance premium for Mrs. Mamai's life.

- 10.(a) Mr. Jhalak owns the following assets:

6

	Shares (non-listed)	Shares (listed)
Cost of acquisition	Rs. 1,48,500	Rs. 1,56,000
Date of acquisition	Mar 16, 2018	Mar 16, 2018
Sales Consideration	Rs. 2,12,000	Rs. 2,23,500
Date of sale	Jan 25, 2020	July 26, 2019

Compute income from capital gains from the above transfers for the assessment year 2020-21.

[CII for 2018-19 = 280; 2019-20 = 289]

- (b) From the following information compute income from other sources of Mr. Babai for the assessment year 2020-21: 9

- (i) Income from sale of forest trees of spontaneous growth Rs. 12,900.
- (ii) Family pension received Rs. 2,40,000
- (iii) Interest from Post Office Savings Bank Account Rs. 12,000.
- (iv) Winnings from lottery (net after deduction of tax @ 31.2%) Rs. 82,560.
- (v) Rent received from sub-letting a flat for Rs. 78,000. Rent payable by Mr. Babai for the house is Rs. 5,000 per month.

- 11.(a) From the following incomes and losses for the previous year 2019-20, compute Gross Total Income of Mr. Talukdar for the assessment year 2020-21: 7

	Rs.
Long Term Capital Gains	70,000
Dividend from Indian company	22,000
Income from medicine business	6,00,000
Short term Capital Loss	24,000
Loss from stationery business	1,30,000
Brought forward losses of the year 2018-19 are as follows:	
Loss from stationery business	42,000
Long Term Capital Loss	20,000

- (b) The gross total income of Mr. Dutta for the previous year 2019-20 is Rs. 7,50,000. He has made the following donations during the previous year: 8

- Rs. 15,000 to Jawahar Lal Nehru Memorial Fund.
- Rs. 10,000 to Prime Minister's National Relief Fund.
- Rs. 40,000 for repairs of notified Church.
- Clothes worth Rs. 16,000 given to an approved blind school.
- Rs. 50,000 to Kolkata Municipal Corporation for promoting family planning.
- Rs. 18,000 to Zilla Saksharate Mission.

Compute the amount of deduction available to Mr. Dutta from his gross total income u/s 80G for the assessment year 2020-21.

12. Write short notes on: 5+5+5

- (i) Best Judgement Assessment
- (ii) Revised Return
- (iii) Due dates for filing of income tax returns.

**N.B. :** Students have to complete submission of their Answer Scripts through E-mail / Whatsapp to their own respective colleges on the same day / date of examination within 1 hour after end of exam. University / College authorities will not be held responsible for wrong submission (at in proper address). Students are strongly advised not to submit multiple copies of the same answer script.

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