

B.B.A. Part—II (Semester—III) (Old) Examination**DIRECT TAX LAW****Paper—BBA/305**

Time : Three Hours]

[Maximum Marks : 80

Note :—All Sections are compulsory.**SECTION—A**

Multiple Choice Questions :—

1. Salary received by an Agricultural Farm's Manager is _____ income.
 - (a) Agricultural
 - (b) Professional
 - (c) Salary
 - (d) Other sources
2. In which section of the Income-Tax Act exempted incomes have been mentioned ?
 - (a) Sec. 10
 - (b) Sec. 80 C
 - (c) Sec. 13
 - (d) Sec. 2
3. The previous year ends on _____.
 - (a) 30th April
 - (b) 31st March
 - (c) 30th November
 - (d) 1st April
4. Income tax department works under :
 - (a) Central Government
 - (b) State Government
 - (c) Chief Commissioner of Income Tax
 - (d) Central Board of Direct Taxes
5. Entertainment allowance is _____.
 - (a) Fully Taxable
 - (b) Fully exempted
 - (c) Partly Taxable and Partly exempted
 - (d) Deducted only in case of Government employees
6. Salary includes :
 - (a) Wages
 - (b) Pension
 - (c) Commission on sale
 - (d) All of these
7. Recognised Provident Fund in excess of _____ is included in income.
 - (a) 12% of salary
 - (b) 9.5% of salary
 - (c) 13% of salary
 - (d) 8% of salary

8. Which of the following perquisite is fully exempted ?
- (a) Transfer of movable assets (b) Tea or snacks provided at work place
- (c) Accommodation at concessional rate (d) None of these
9. The annual value of a house property is Rs. 50,000. Statutory deduction u/s. 24(a) shall be :
- (a) Rs. 10,000 (b) Rs. 15,000
- (c) Rs. 5,000 (d) Rs. 25,000
10. The annual value of self occupied House is _____.
- (a) Municipal value (b) Fair value
- (c) Nil (d) Whichever is less
11. Which of the following is inadmissible expense ?
- (a) Income Tax (b) GST
- (c) Depreciation on Machine (d) Expenses on assessment of Income Tax
12. Which of the following are admissible expenses ?
- (a) Rent paid for business premises (b) Repairs of Plant and Machinery
- (c) Depreciation on plant and machinery (d) All of the above
13. Which of the following is not a capital asset ?
- (a) Goodwill of a business (b) Jewellery
- (c) Stock-in-trade (d) Agriculture Land in Delhi
14. Capital Gain on depreciable assets will always be _____.
- (a) STCG (b) LTCG
- (c) Tax-free (d) None of these
15. Income from sub-letting of House Property is :
- (a) House Property Income (b) Income from other sources
- (c) Casual Income (d) Capital Gains
16. Which of the following is income from other sources ?
- (a) Dividends (b) Interest on Securities
- (c) Family Pension (d) All of these
17. Deduction in respect of interest on loan taken for electric vehicle is allowable u/sec. _____ .
- (a) 80 E (b) 80 EEA
- (c) 80 EEB (d) 80 GGB

18. 'R' paid the medical insurance premium on his health Rs. 10,000 in cash. Deduction allowable to him u/sec. 80 D is _____ .
- (a) Rs. 25,000 (b) Rs. 10,000
(c) Rs. 5,000 (d) Nil
19. Which income is rounded-off ?
- (a) Gross total Income (b) Total Income
(c) Both (a) and (b) (d) None of these
20. The rate of Health and Education Cess is _____ .
- (a) 4% (b) 2.5%
(c) 3% (d) 5%
- 20×1=20

SECTION—B

Short answer type questions.

1. (a) Define Person. 4
- OR**
- (b) Define Total Income. 4
2. (a) How is computation of exempted Gratuity done ? 4

OR

- (b) Mr. P is employed in a Private Company at Rs. 70,000 p.m., Rs. 6,000 p.m. as dearness pay and Rs. 10,000 p.a. as commission during the previous year. He received Rs. 2,000 p.m. as House Rent Allowance. He paid Rs. 2,500 p.m. as rent. Compute exempted HRA. 4
3. (a) Compute the annual value of the house property :
- | | |
|-------------------------|-------------------|
| Expected Rent | Rs. 1,00,000 |
| House let out | @ Rs. 10,000 p.m. |
| House Tax paid by owner | Rs. 9,000 |
- House remains vacant for three months. 4

OR

- (b) State with brief reasons whether the following items are allowable as deduction while computing P & G of B/P :
- (i) Fees paid to lawyer to draft a new Partnership Deed.
- (ii) Sums paid to a labour leader to call off the strike. 4

4. (a) Explain 'Transfer' in relation to a capital asset. 4

OR

- (b) Write four items taxable under the head 'Income from other sources'. 4
5. (a) Who can claim deduction u/sec. 80 D and how much ? 4

OR

- (b) Describe the procedure for computing Total Income. 4

SECTION—C

Long answer type questions :

1. (a) What do you mean by Agricultural Income ? Elaborate. 8

OR

- (b) Define 'Income'. 8
2. (a) Mr. X is employed in a factory owned by an individual on a monthly salary of Rs. 20,000. In addition to it, he received two months salary as bonus during the P.Y. He has been provided a rent free accommodation. The rent paid by owner was Rs. 1,400 p.m. He is provided with a small car by the employer which is used partly for official and partly for private purpose. All expenses related to car are borne by employer. He is also entitled to entertainment allowance @ Rs. 800 p.m. Compute his taxable income from salary for the A.Y. 2023–24. 8

OR

- (b) Explain the treatment of Pension (monthly pension and commuted pension). 8
3. (a) For the assessment year 2023–24, compute income from H.P. on the basis of the following information :

M.V. of the House 40,00,000

M.T. paid 40,000

House was self-occupied. It contains 2 units. But one unit of the house was let out @ Rs. 1,50,000 p.m. from 1/10/2022. In respect of the house the following expenses were incurred :

(i) Fire Insurance Premium Rs. 80,000

(ii) Ground Rent Rs. 10,000

(iii) Land Revenue Rs. 1,20,000

A loan of Rs. 40,00,000 was taken on April 1, 2017 @ 15% p.a. for the construction of this house. The house was completed on 31/5/2020 and only half loan was repaid till 31/3/2022.

Compute income from House Property. 8

OR

- (b) Which expenses are allowed in computing taxable profits of a business ? 8

4. (a) Explain the following :

(i) Short-term Capital Assets

(ii) Long term Capital Assets.

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OR

(b) Mr. Z's particulars of income are as under :

(i) He took a house on rent of Rs. 10,000 p.m. and let it out again for Rs. 16,000 p.m.

Besides he received Rs. 50,000 rent from his own House property.

(ii) Cricket Gambling Rs. 5,000 and speculation business profit Rs. 60,000.

(iii) Salary as an M.L.A. Rs. 30,000 and Daily allowance Rs. 4,000.

Compute his income from other sources.

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5. (a) Explain the deduction u/sec. 80 G.

8

OR

(b) Business income of Mr. Suresh (70 Years) is Rs. 13,20,000. He deposited Rs. 30,000 in PPF and purchased NSC VIII issue of Rs. 50,000. He spent Rs. 40,000 on medical treatment of disabled dependent and paid interest on loan taken for the higher education of his grandson amounting to Rs. 1,20,000. Compute his total income for the assessment year 2023-24.

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