B.B.A. Part–II (Semester—III) (CBCS) Examination

BBA–305

DIRECT TAX LAWS

Time : Three Hours]   [Maximum Marks : 80

Note :— All sections are compulsory.

SECTION—A

Multiple choice questions. Only the first answer will be assessed and allotted marks. Each question carries **2** marks :

1. Statement I : Casual Income is the receipt which is accidental and without any stipulations.

   Statement II : Agricultural Income is a receipt which is accidental and without any stipulations.

   (a) Statement I is true

   (b) Statement II is true

   (c) Both statements are true

   (d) Both statements are false

2. Statement I : The rate of Income Tax is fixed under the Finance Act.

   Statement II : Amendments are made in the Finance Act every year.

   (a) Statement I is true

   (b) Statement II is true

   (c) Both statements are true

   (d) Both statements are false

3. A Government employee received a salary of Rs. 1,20,000 and an entertainment allowance Rs. 10,000 during the previous year. He spent Rs. 6,000 on entertainment. He is entitled to deduction u/s 16 (ii) _____.

   (a) Rs. 10,000   (b) Rs. 6,000

   (c) Rs. 5,000   (d) Nil

4. Statement I : The periodic payment of money for past service is known as Commuted Pension.

   Statement II : Commuted Pension and periodic pension are the same.

   (a) Statement I is true

   (b) Statement II is true

   (c) Both statements are true

   (d) Both statements are false

5. 'X' purchased a house for his residence and borrowed a loan of Rs. 9,75,000 in 2014. What is the deduction for interest when interest payable in the previous year is Rs. 1,50,000 ?

   (a) Rs. 30,000   (b) Rs. 1,75,000

   (c) Rs. 1,50,000   (d) Rs. 45,000

6. Statement I : GST is an inadmissible expenditure while computing Profits and Gains from Business or Profession.

   Statement II : Income Tax is an inadmissible expenditure while computing Profits and Gains from Business or Profession.

   (a) Statement I is true

   (b) Statement II is true

   (c) Both statements are true

   (d) Both statements are false

7. During the previous year 'X' earned a profit of Rs. 50,000 by selling a piece of land in Lucknow on which vegetables were grown and which was purchased on 30/12/2008. The profit would be taxable as _____.

   (a) Short-term capital gain   (b) Business gain

   (c) Not taxable, being agricultural land (d) Long-term capital gain

8. An Individual received a family pension of Rs. 60,000. How much standard deduction shall be allowed to him ?

   (a) Rs. 15,000   (b) Rs. 20,000

   (c) Rs. 19,980   (d) Rs. 30,000

9. Mr. 'R' is completely blind, he will avail deduction u/s 80U _____.

   (a) Rs. 50,000   (b) Rs. 75,000

   (c) Rs. 1,00,000   (d) Rs. 1,25,000

10. Statement I : Deduction u/s 80C is not allowed from Long Term Capital Gain.

    Statement II : Deduction u/s 80C is allowed from Income under the head Salaries.

    (a) Statement I is true

    (b) Statement II is true

    (c) Both statements are true

    (d) Both statements are false   10×2=20

SECTION—B

Short answers :

1. (a) Define Assessment Year and Previous Year.

OR

(b) Define 'Assessee', 'Deemed Assessee' and 'Assessee-in-default'.

2. (a) Discuss the provisions of leave encashment.

OR

(b) Discuss the provisions related to Rent-free-Accommodation.

3. (a) Explain unrealized rent.

OR

(b) When is it compulsory to audit the accounts (sec. 44AB) ?

4. (a) Explain the transfer of Capital Assets.

OR

(b) What is the meaning of relative ?

5. (a) Explain the provisions related to the deduction of Medical Insurance.

OR

(b) Define Gross Total Income and Total Income.   5×4=20

SECTION—C

Long Answers :

1. (a) Explain Casual Income and Agricultural Income.

OR

(b) Discuss the provisions related to the exemption of different types of interest.

2. (a) Mr. 'X' is a Government Employee. During the year 2022-23, he got Rs. 60,000 pm as salary, Rs. 4,000 pm as dearness allowance and a car allowance of Rs. 500 pm and a rent free house of the value of Rs. 1,000 pm. He was also given an entertainment allowance of Rs. 400 pm with effect from 1st January 2018 when he was promoted and he did not spend any amount out of this for official purposes. Compute the amount deductible u/s 16(ii).

OR

(b) Mr. 'X' is getting a pension of Rs. 12,000 pm from a company. During the previous year, he got his two-third pension commuted and received Rs. 7,38,000. Compute the exempted amount if :

(i) He also received gratuity and

(ii) He did not receive gratuity.

3. (a) Mr. 'X' has a house property let out for residential purposes. The following are the details of the property let-out : Municipal rental value Rs. 8,500; actual rent realized Rs. 9,000 pm. Rent payable under the Rent Control Act Rs. 8,500 pm. The rent payable for a similar house is Rs. 9,000 pm. He paid 17% of the Municipal valuation as local taxes.

The construction of the property began in September 2017 and completed in February 2020. He had borrowed loan for the construction of the house property, on which he paid Rs. 2,00,000 as interest up to 31/3/2019 and Rs. 50,000 as interest during the previous year. The fire insurance premium paid Rs. 2,000 p.a.

Compute the income from house property for the Assessment Year 2023-24.

OR

(b) Explain the expenses expressly disallowed under the head 'Profits and Gains of Business or Profession'.

4. (a) What is the difference between long-term and short-term Capital Gain ?

OR

(b) Which deductions are allowable under the head 'Income from Other Sources' and which amounts are not deductible ?

5. (a) Income under the head 'Salaries' of Mr. 'R' is Rs. 7,65,000. He deposited Rs. 90,000 in PPF, Rs. 20,000 in RPF, and paid the tuition fee of his son Rs. 18,000. He deposited Rs. 25,000 in the pension fund of LIC of India. He paid an interest of Rs. 15,000 on a loan taken from a financial institution for his higher education. Compute his total income for the Assessment Year 2023-24.

OR

(b) Gross Total Income of Mrs. 'X' is Rs. 6,75,000. She deposited in RPF Rs. 50,000; paid a donation to a Political Party Rs. 10,000 by cheque and Prime Minister National Relief Fund Rs. 15,000 by cheque. She paid medical insurance premia on the health of her spouse aged 47 years, Rs. 27,000 by cheque.

Compute her total income for the Assessment Year 2023-24.   5×8=40