

(8)

- (v) He has National Savings Certificate VIII issue for ₹ 1,80,000.
- (vi) Shares in Indian Companies ₹ 3,00,000
- (vii) Jewellery and Ornaments worth ₹ 25,00,000. Out of which ornaments worth ₹ 8,00,000 are meant for daily use.
- (viii) Cash in hand ₹ 4,50,000
- (ix) His bank balance is ₹ 14,80,000.
- (x) Gold chain held by his minor son ₹ 60,000.
- (xi) His miscellaneous liabilities are ₹ 1,75,000.
- (xii) Outstanding Income tax liability ₹ 50,000
Compute Net Wealth and Wealth-tax liability of Sri Rakesh for the Assessment Year 2014-15. 10

A\R

(Printed pages 8)

Roll. No. _____

CH-4/2828

B.Com. (Hons.) (Fourth Semester)

Examination, 2015

COMMERCE

Direct Tax Laws & Accounts

(BCH-402)

Time Allowed : Three Hours] [Maximum Marks : 70

Note : Answer **five** questions in all. Question **No.1** is **compulsory** which carries 30 marks. Answer **one** question from each unit which are of 10 marks each.

1. Answer the following question in brief :

3×10=30

- (a) Explain the important characteristics of income.
- (b) Give the names of ten incomes taxable under the head 'Income from other Sources'.
- (c) What deduction is available under Section 80.D.D.B.
- (d) What is Permanent Account Number (PAN)?

(2)

- (e) How is Entertainment Allowance treated for income tax purposes?
- (f) Explain the term 'Net Wealth' under the Wealth Tax Act, 1957.
- (g) How is income of a self-occupied house property computed?
- (h) What exemption is available under section 54EC?
- (i) After serving 34 years and 8 months in a company Mr. Ramesh retires on 31st January, 2014. Company paid him a gratuity of ₹ 4,50,000. He commuted his half pension and received ₹ 2,40,000 as commuted value of pension. Compute the commuted value of pension exempt from tax.
- (j) Show how the following incomes are to be assessed in the hands of an assessee who is (a) resident, (b) non-resident and not ordinarily resident.
- (i) Salary drawn during the year for employment outside India from Government of India ₹ 93,500
- (ii) Salary drawn for employment in London office of an Indian Company for three months ₹18,000
- (iii) Profits earned abroad & received in India ₹25,000

(7)

- (xii) During the year he has made the following payments :
- (a) Life Insurance Premium ₹25,000
- (b) Medical Insurance Premium ₹ 12,000
- (c) Employment tax ₹ 8,000
- (d) Donation to National Defence Fund ₹ 20,000
- (e) Amount deposited in Public Provident Fund ₹18,000
- Compute his taxable income for the Assessment year 2014-15. 10

Unit-IV

8. Explain briefly the different types of assessment. 10
9. Sri Rakesh is Indian citizen and resident in India. His assets and liabilities as on 31st March 2014 are as follows:
- (i) Residential house at Kanpur valued at ₹ 25,00,000
- (ii) Residential house in Bangladesh valued at ₹ 40,00,000. For purchase of this house he borrowed ₹ 12,00,000 in Bangladesh which is still outstanding.
- (iii) He took a life insurance policy for ₹ 2,00,000. The surrender value of the policy on 31st March ₹1,00,000.
- (iv) He has motor car for his personal use. Its market value on valuation date is ₹ 1,50,000.

(4)

Unit-II

4. Mr. Ramesh is the Owner of a house property in Delhi. It has been let-out for ₹ 1,80,000 per annum. The municipal tax payable by owner comes to ₹ 20,000 but landlord has taken an agreement from the tenant stating that the tenant would pay the tax direct to the Municipal Corporation. The landlord however, bears the following expenses on tenant's amenities under an agreement:

| | ₹ |
|--------------------|-------|
| Water Charges | 2,000 |
| Lift Maintenance | 2,000 |
| Gardeners Salary | 1,600 |
| Lighting of Stairs | 2,400 |

The landlord claims the following deductions:

| | ₹ |
|---|--------|
| Repairs | 30,000 |
| Land Revenue | 5,000 |
| Collection Charges | 4,000 |
| Legal expenses incurred in connection with the purchase of land on which house is built | 24,000 |
| Interest on loan taken for construction of house | 18,000 |

Compute the taxable income from house property for the A.Y. 2014-15.

(5)

5. (a) What do you mean by Capital Gains? What are its types? How are they computed? $5 \times 2 = 10$
- (b) Prakash sold some Ornaments on 1.9.2013 for ₹ 26,40,000. The Cost of transfer was ₹ 1,40,000. Prakash had purchased these ornaments during 1985-86 for ₹ 1,75,000. Prakash purchased a residential house on 1.12.2013 for ₹ 11,00,000. Assuming that Prakash does not own any other residential house, Calculate his taxable income from Capital gains for the A.Y. 2014-15. The Cost inflation index in year 1985-86 was 133 and 2013-14 was 939.

Unit-III

6. What do you mean by Clubbing of income? In what circumstances is the income of one person is treated as income of another? 10
7. Mr. M.K. Sharma is working as a General Manager in a Company at New Delhi. He has furnished the following details regarding his income for the financial year 2013-14.
- (i) Basis salary ₹ 50,000 per month.
 - (ii) Dearness Allowance ₹ 10,000 per month
 - (iii) Medical Allowance ₹ 1,000 per month.
 - (iv) Hostel Allowance for one child ₹ 1000 per month.
 - (v) Tiffin Allowance ₹ 500 per month.

(6)

- (vi) Arrear of salary received during the year ₹ 25,000
- (vii) House Rent Allowance ₹ 6,000 per month. He paid ₹ 8,000 as a rent.
- (viii) He Contributes 10% of his salary and dearness allowance to the recognized provident fund towards which company contributes ₹ 7,500 per month.
- (ix) Facility of small motor car for official and private purpose both. All the expenses relating to motor car including driver's salary are paid by the Company.
- (x) Rebursement of personal telephone bills by the company ₹ 20,000.
- (xi) During the previous year his other incomes are as follows :
- | | |
|---|----------|
| (a) Interest on Saving Bank Account of a Bank | ₹ 20,000 |
| (b) Interest on Post-Office Saving Bank Account | ₹ 5,000 |
| (c) Dividend from an Indian Company | ₹ 15,000 |
| (d) Interest on Government Securities | ₹ 10,000 |
| (e) Income from letting out a land | ₹ 16,000 |
| (f) Share in Composite income of Hindu undivided family | ₹ 80,000 |

(3)

- (iv) Profit earned from business transactions outside India & kept in Bank there ₹18,000
- (v) Dividend received from an Indian Company ₹3,000

Unit-I

2. (a) Define Agricultural Income. On What basis an income can be treated as Agricultural Income? Explain illustratively.
5×2=10
- (b) Explain how tax liability of an assessee is determined with reference to his residence.
3. (a) What is meant by perquisites? What are tax free perquisites? 5×2=10
- (b) Mr. Mohan is District Magistrate of Allahabad. He is living in a furnished bungalow provided by the Government free of rent. His salary is ₹ 70,000 per month. The rent of unfurnished bungalow as per Govt. rules is ₹ 1,000 per month, but its fair rental value is ₹ 8,000 per month. He is provided furniture of the value of ₹ 20,000. He is getting ₹ 500 p.m. as entertainment allowance and Dearness allowance @ 10% of basis salary. Calculate his taxable salary.