

(i) Printed Pages : 7

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Exam. Code :

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Bachelor of Business Administration 3rd Semester
(1129)

DIRECT TAX LAWS

Paper—BBA-206

Time Allowed : Three Hours]

[Maximum Marks : 80

Note :— Students are required to attempt **four** questions from Section A of short answer type, **two** questions each from Section B and Section C each of essay type. Marks are indicated against each question.

SECTION—A

I. Explain the following in brief :

- (i) Define the terms Previous Year and Assessment Year. What are the exceptions to the rule that income of a previous year is assessed to tax in the assessment year ? 5
- (ii) How would you compute the tax liability of an individual on integration of agricultural income ? 5
- (iii) Compute ARV from particulars given below :

MRV Rs. 60,000 P.A.

FRV Rs. 66,000 P.A.

Std. Rent Rs. 63,000 P.A.

Real Rent Rs. 6,000 P.M.

Date of Completion 31-5-18

Date of Letting 1-8-18 5

- (iv) A block of assets consists of 5 machines. WDV of all machines as on 1-4-18 was Rs. 1,80,000. Rate of Depreciation is 15%. A new machine costing Rs. 1,60,000 was acquired in March, 2018 but actually put into use only on 10-10-18. Two old machines are also sold for Rs. 3,20,000 in December, 2018. Determine the amount of Depreciation for the Assessment Year 2019-20. 5

- (v) From the following particulars compute the total income of Mr. David for the assessment year 2019-20 :

	Rs.
Income from house property	(-) 8,000
Short term capital gain on sale of shares	95,000
Long term capital loss on sale of bonds	(-) 85,000
Other Sources : Interest on Govt. Securities	18,000
The assessee has unabsorbed depreciation of Rs. 35,000 being brought forward from 2017-18.	

Assessee has closed the business and all the assets have been disposed of. 5

- (vi) Dr. V.P. Sharma whose age is 69 years has given following details of his income. Compute his tax liability for the assessment year 2019-20 :

	Rs.
(i) Pension from Govt.	2,47,500
(ii) Salary from a private sector company	6,00,000
(iii) Long term capital gain	36,500
(iv) Interest on fixed deposit with Bank	22,600
(v) Deposit Rs. 10,000 in MEP (an Equity Linked Saving Scheme) and Rs. 10,000 in NSS 1992.	5

SECTION—B

- II. How residential status of assessee is determined for computing his income tax liability ? Explain the incidence of residence on tax liability. 15
- III. Explain any 15 exempted incomes provided u/S 10 of Income Tax Act, 1961. 15
- IV. From the following particulars compute income under head House Property of Mr. X for Assessment Year 2019-20 :

Particulars	House I (Rs.)	House II (Rs.)
Fair Rent	3,50,000	3,20,000
Municipal Valuation	3,60,000	3,50,000
Standard Rent	3,00,000	5,00,000
Actual Rent received	6,00,000	4,20,000
Unrealised Rent 2016-17	10,000	80,000
Vacancy Period	2 months	4 months
Municipal Taxes paid	40,000	50,000
Repairs	5,000	7,000
Insurance	20,000	30,000
Interest on borrowed capital by mortgaging	1,40,000	—
House-I (Funds used for construction of House-II)		
Nature of Occupation	Let out for Residence	Let out for Business

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V. The following are the particulars of Mr. B.R. Sodhi's income for the previous year ended on 31-3-2019 :

- (i) Basic Salary Rs. 1,500 p.m.
- (ii) Bonus is equal to two month's salary.
- (iii) Rent free furnished accommodation has been provided by the employer for which the employer pays a rent of Rs. 300 p.m. The cost of the furniture provided by employer is Rs. 12,000 and its W.D.V. is Rs. 8,000.
- (iv) The employee has appointed a gardener and a watchman. They are paid by the company @ Rs. 80 and Rs. 100 p.m. respectively.
- (v) Special allowance of Rs. 60 p.m.
- (vi) Employee's own contribution to R.P.F. @ 15% of salary. Employer's contribution @15%.of salary.
- (vii) Interest credited to the R.P.F. @ 14.5% p.a. is Rs. 2,800 on 1-7-2018.
- (viii) The employer made a cash gift of Rs. 5,000 to his daughter on the eve of her marriage, in the form of fixed deposit receipt.
- (ix) The employer company has given him for use a Maruti car both for personal and official purposes. All expenses for the running and maintenance are paid by employer.
- (x) Payment of employee's gas, electricity and water bills (in employee's name) made by employer Rs. 1,200.
- (xi) You are required to calculate the salary income of Mr. B.R. Sodhi for the assessment year 2019-20. 15

SECTION—C

- VI. Define Capital Gain. How it is calculated ? What are the capital gains which are exempted u/S 54 to 54 H ? 15
- VII. Under what circumstances income of other persons can be included in the income of assessee under Income Tax Act, 1961 ? 15
- VIII. From the following particulars of Mr. Edward for the previous year ended 31st March, 2019, compute his total income for the Assessment Year 2019-20 :

He received :	Rs.
(i) Director's fee from a company	10,000
(ii) Interest on Bank Deposits	3,000
(iii) Income from undisclosed sources (unexplained money)	12,000
(iv) Winnings from lotteries	24,500
(v) Royalty on a book written by him	8,000
(vi) By giving lectures in functions	5,000
(vii) Interest on loan given to a relative	7,000
(viii) Interest on tax free debentures of a company (listed in recognised stock exchange)	3,600
(ix) Dividend on shares	6,400
(x) Interest on post office savings bank A/c	500
(xi) Interest on Government Securities	2,200

He paid Rs. 100 for collection of dividend and Rs. 1,000 for typing the manuscript of book written by him. 15

IX. The Profit and Loss Account of Mr. G.R. Sharma is given below :

	Rs.	Rs.	
To Opening Stock	20,000	By Sales	1,27,000
To Purchases	1,09,000	By Closing Stock	52,000
To Salaries	6,000	By Interest from	
To Rent	11,000	Reliance Ltd.	—
To Bonus	3,000	By Interest on	
To Printing, Postage		Debentures	2,000
and Stationery	4,000	By Bank Interest	2,000
To Miscellaneous		By Discount Received	12,000
Expenses	4,000	By Race Winnings	12,000
To Advertisement		By Amount received	
Expenses	5,000	from LIC on	
To Drawings	12,000	maturity of policy	45,000
To LIC Premium	5,000		
To Car Expenses—			
Driver's Salary	6,000		
To Petrol and			
Repairs of Car	12,000		
To Property Tax	4,000		
To Medical expenses			
of physically			
handicapped son			
at Holy Family			
Hospital	3,000		

	Rs.		Rs.
To Cost of National Savings Certificates (Series VIII)	3,000		
To Net Profit	45,000		
	2,52,000		2,52,000

Additional information is as follows :

Advertisement expenses included cost of 20 gift sets of Rs. 250 each presented to doctors on occasion of Diwali.

Assume :

Taxes deducted at source on Debentures are 'NIL'.

The car was used both for business and personal purposes, 2/3rd is for business.

Property Tax of Rs. 4,000 was in respect of his self-occupied house whose Rental Value is Rs. 18,000.

Compute the business income of Mr. Sharma for the assessment year 2019-20.

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