

(i) Printed Pages : 8

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Exam. Code :

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Bachelor of Business Administration 3rd Semester

(2123)

TAX LAWS—I

Paper : BBA 206

Time Allowed : Three Hours]

[Maximum Marks : 80

Note :— Attempt any *four* out of *six* questions from Section A. Each carries 5 marks. Attempt any *two* out of *four* questions from Section B and Section C each. Each carries 15 marks.

SECTION—A

1. Define the term Previous Year.
2. Explain the deduction U/S 24(b).
3. During the previous year 2022-23 Mr. X, an Indian citizen, comes to India on a visit of 143 days. Determine his residential status for the assessment year 2023-24 on the basis of the following information :
 - (a) During 2018-19 X is present in India for 365 days.
 - (b) During 2019-20 to 2021-22 Mr. X is in Japan for 360 days, 80 days and 345 days respectively.
 - (c) Mrs. X is a non-resident in India for the assessment year 2023-24.

Does it make any difference if X is an American citizen ?

4. Mr. Ajay is running a business and on November 18, 2021, he acquired a plant A whose cost is Rs. 26,000 and rate of depreciation is 40%. He also acquired plant B for Rs. 30,000, rate of depreciation being 40% on March 31, 2022. On May 10, 2022 he sold plant A for Rs. 28,000 and plant B for Rs. 17,000. Expenditure incurred in connection with transfer of plant A is Rs. 1,000. He however acquired following plants during the year 2022-23 :

Asset	Date of Purchase	Cost	Rate of Dep.
C	April 30, 2022	Rs. 6,000	40%
D	May 19, 2022	Rs.12,000	30%
E	June 10, 2022	Rs. 21,000	15%

Compute the Amount of depreciation and capital gain if any during Previous Year 2022-23.

5. Mr. Gupta who is working with a company at Delhi submits the following information about his salary Income for the previous Year 2022-23 :

Salary	56,000 p.m.
Dearness allowance	20,000 p.m.
Bonus	10,000 p.m.

His employer paid him Rs. 20,000 p.m. as house rent allowance up to 30-11-2022 and it was raised to Rs. 2,400 p.m. from 1-12-2022. He lived with his parents in a house owned by his father and no rent was paid by him. From 1-12-2022 he shifted to a rented house and paid Rs. 25,000 p.m. as rent. Compute his Taxable Amount of HRA for the assessment year 2023-24 if his salary is due on last date of month.

6. Mr. Avtar Singh purchased a plot in 2002-03 for Rs. 4,00,000. It was sold on 15-1-2023 for Rs. 15,80,000 and he paid Rs. 20,000 as brokerage charges. He invested Rs. 2,00,000 in Bonds of National Highway Authority of India of 31-3-2023 and Rs. 3,10,000 in bonds issued by Rural Electrification Corporation Ltd. on 1-6-2023. Compute the taxable amount of capital gain if C.I.I. for 2002-03 was 105 and for 2022-23 is 331.

SECTION—B

7. Mr. X has three house properties which he uses for his own residential purposes :

	I	II	III
	Rs.	Rs.	Rs.
Municipal Value	40,000	60,000	80,000
F.R.V.	50,000	70,000	65,000
Standard Rent	60,000	84,000	72,000
Municipal Taxes	4,000	6,000	9,000
Expenses on repairs	2,000	4,000	3,000
Insurance premium	1,000	2,500	3,000
Year in which loan taken for purchase of the house	1998	2002	2007
Interest on loan paid during the previous year 2022-23	35,000	40,000	25,000

Find out income from house property as a tax expert.

8. Mr. Sarangi, an employee of a public limited company at Cuttack, received the following emoluments for the previous year 2022-23 :

	Rs.
(a) Basic Salary @ Rs. 30,000 p.m.	3,60,000
(b) D.A. as per terms of employment Rs. 3,000 p.m.	36,000
(c) Bonus equal to one month's Salary	33,000
(d) Commission	60,000
(e) Advance Salary	66,000
(f) Employee's Contribution in recognised Provident Fund	48,000
(g) Employer's contribution in Recognised Provident Fund	48,000
(h) Special allowance @ Rs. 2,000 p.m.	24,000
(i) House rent allowance received @ Rs. 10,000 p.m.	1,20,000
(j) Rent paid by him @ Rs. 12,000 p.m.	1,44,000
(k) Entertainment allowance Rs. 3,000 p.m.	36,000
(He spends the whole amount while performing his official duties.)	
(l) During the year employer has provided him a Honda city car of 1600 cc capacity with chauffeur which he uses for his personal purposes. Employer's expenditure of the running and maintenance of the car including salary of the driver is Rs. 1,20,000 during the year. Cost of the car is Rs. 7,50,000.	

- (m) Interest credited to his recognised provident fund @ 12% is Rs. 30,000.
- (n) Employer company has provided him free club facility which costed the company Rs. 24,000 and free lunch for 300 days cost being Rs. 150 per day.
- (o) During the previous year he has been provided a interest free loan of Rs. 18,000 to purchase a motor cycle. In November 2022 his father fell ill (disease specified under Rule 3A) and he again got interest free loan of Rs. 50,000 from his employer for the medical treatment of his father. Find out his Salary Income for the Assessment Year 2023-24.
9. How would you compute the tax liability of an individual on integration of agricultural income ?
10. How incidence of taxation depends upon the residential status of a person ? Explain with suitable examples.

SECTION—C

11. Following is the Profit and Loss Account of Mr. A for the year ending 31-3-2023 :

Debits	Amount Rs.		Amounts Rs.
To Salary	3,00,000	By Gross Profit	10,85,000
To Office expenses	48,000	By bad debts recovered	15,000
To Depreciation	80,000	By Commission	22,000
To Audit fees	25,000	By sundry receipts	13,000
To Repairs	48,000	By custom duty recovered (Disallowed earlier)	30,000

Debits	Amount Rs.		Amounts Rs.
To Amount transferred to special Reserve	90,000		
To Expenditure on Diwali Festival	10,000		
To Contribution to unapproved gratuity fund	18,000		
To interest payable	70,000		
To interest on loan from Mrs. A	20,000		
To expenses on research	50,000		
To provision for Income Tax	60,000		
To Bonus	18,000		
To provision for GST	15,000		
To Employer's contribution to PF	11,000		
To legal expenses	10,000		
To Net Profit	2,92,000		
Total	11,65,000	Total	11,65,000

Other information is :

- (1) Depreciation includes 20,000 being unabsorbed depreciation of earlier years.
- (2) Repairs include Rs. 18,000 being expenditure on construction of washrooms which were completed on 31-12-2022.

- (3) Research expenses include Rs. 30,000 being cost of a computer acquired for research, which is not connected to assessee's field of business.
- (4) GST is actually paid on 10-4-2023.
- (5) Interest payable includes Rs. 5,000 on account of penalty for late payment of interest.
- (6) Salary includes payment of Rs. 40,000 given as compensation to the widow of a deceased employee.
- (7) Out of bad debts recovered only Rs. 10,000 were allowed as deduction earlier.
- (8) Loan was taken from Mrs. A for the payment of Income tax.

From the information given above calculate the business income of Mr. A for the assessment year 2023-24.

12. From the particulars of income of Sh. Madan Mohan, compute his :

- (a) Professional Income and
- (b) Income U/H other source for the Assessment year 2023-24 :

- (1) He owns an agricultural land in Bangladesh from which he earned an income of Rs. 6,500.
- (2) He owns a plot of land in Dharwad which is let out for Rs. 1,200 p.m. for trading purposes.
- (3) He has a building near agricultural land in a village in India. It is let out for 900 p.m. and used for storing agricultural equipments and for supervision of agricultural work.

- (4) He received Rs. 12,500 during the year as management consulting fee.
- (5) He has a quarry in Ankola. He has let it on a royalty of 50 paise per ton of stone raised. During the year 14,600 tons of stone was raised. He spent Rs. 450 to earn royalty.
- (6) He has let machinery and furniture at Rs. 3,000 p.m. He spent Rs. 1,000 on the repair of these assets. Depreciation allowed on these assets is Rs. 6,000.
- (7) He lives in a rented house paying a rent of 2,000 p.m. He has sublet 40% of this house at a rent of 1,500 p.m.. He has paid Rs. 1,000 as municipal tax on the house and spent Rs. 500 on the repairs of the whole house.
- (8) He has received an amount of Rs. 70,000 as lottery prize on 1st Nov. 2022.
- (9) He borrowed Rs. 30,000 on 1-6-2022 from a bank at 15% p.a. interest. He invested the money in the purchase of equity shares of Public Limited Company. During the year he has not received any dividend from the company.

13. Define the term capital gains. Discuss in detail exemptions available to an assessee u/s 54.

14. Write a note on the following :—

- (a) Unabsorbed depreciation.
- (b) Short term capital gain/loss on depreciable assets
- (c) WDV u/s 43(6).