

(i) Printed Pages : 7 Roll No.

(ii) Questions : 14 Sub. Code :

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Bachelor of Commerce 6th Semester

(2056)

DIRECT TAX LAW

Paper : BCM-601

Time Allowed : Three Hours] [Maximum Marks : 80

Note :— Attempt any **four** questions out of **six** questions from Section A. Each carries **5** Marks × **4** Questions = **20** Marks. Attempt any **2** questions each from Section B & C. Each carries **15** Marks × **4** Questions = **60** Marks.

SECTION-A

1. Treatment of:

- Speculation Loss
- Capital Loss
- Loss from House Property
- Loss from Lottery.

2. What do you understand by Deemed Income? Explain the taxability of the following deemed incomes:

- Unexplained cash credit
- Unexplained investments.

3. What is a Double Taxation Avoidance Agreement (DTAA)? Explain its objectives and advantages. How does it help in promoting international trade and investment?
4. M/s Harmony Associates (AOP) consists of 3 members.

The P&L A/c shows:

- Net Profit - Rs. 7,00,000

(Includes salary to members Rs. 1,50,000 and interest on capital Rs. 90,000)

Other Information:

- Donation to approved institution (100% subject to qualifying limit) - Rs. 50,000
- Income Tax provision - Rs. 40,000

Members' other income:

- Mr. A – Rs. 4,00,000
- Mr. B – Rs. 2,20,000
- Mr. C – Rs. 1,90,000

Calculate:

- (1) Compute Total Income of AOP.
- (2) Determine rate of tax.
- (3) Compute Tax Liability.

5. M/s Alpha LLP has two working partners sharing profits equally.

Net Profit as per P&L A/c - Rs. 8,00,000

The following were debited:

- Remuneration to partners - Rs. 3,00,000
- Interest on capital @15% (Capital Rs. 2,00,000 each) – Rs. 60,000
- Provision for Income Tax - Rs. 40,000

The LLP agreement authorizes:

- Interest @12% p.a.
- Remuneration as per Income Tax Act.

Calculate:

(1) Compute Book Profit u/s 40(b).

(2) Compute allowable interest and remuneration.

6. Differentiate between Tax Deducted at Source (TDS) and Tax Collected at Source (TCS). State their objectives and importance.

SECTION-B

7. Mr. Arun (Age 35 years), a resident individual, furnishes the following particulars for the Assessment Year 2026-27:

- Basic Salary - Rs. 8,40,000
- DA (forming part of salary) - Rs. 1,20,000
- HRA received - Rs. 1,80,000
- Rent paid - Rs. 15,000 per month (Delhi)
- Interest on Savings Bank - Rs. 18,000
- LIC Premium paid - Rs. 70,000

- PPF Contribution - Rs. 80,000
- Medical Insurance Premium (self & wife) - Rs. 22,000
- Interest on Housing Loan (Self-occupied property) – Rs. 2,00,000

Compute the tax liability under:

- (1) Old Tax Regime
 - (2) New Tax Regime
 - (3) Suggest which regime is beneficial.
8. Explain the provisions relating to Clubbing of Income under the Income Tax Act, 1961. Discuss any five situations where income of another person is included in the total income of the assessee.
9. Explain the provisions relating to:
- Transfer Pricing
 - General Anti-Avoidance Rules (GAAR)

How do these provisions help in preventing tax evasion and tax avoidance?

10. From the particulars given below, determine total income of Mr. Rohit (Under old regime) for the assessment year 2025-26.

Salary income computed	4,50,000
House property income (computed)	30,000
Business loss	(–) 80,000
Capital gain	
– short term	20,000
– long term	12,000
Income from other sources:	
– Winning from lottery	50,000
– Winning from card games	16,000
– Interest on securities	10,000

Mr. Rohit's savings are:

- (i) RPF Rs. 1,000 pm
- (ii) Life insurance premium Rs. 20,000 p.a. on a policy value of Rs. 1,50,000. Policy acquired in 2008
- (iii) Life insurance premium of father Rs. 10,000 p.a.
- (iv) Life insurance premium of major son Rs. 12,000 p.a. on a policy of Rs. 1,00,000. Policy acquired in 2013.
- (v) Contribution towards pension Fund of LIC Rs. 12,000.

Mr. Rohit paid medical insurance as under:

- (i) Own medical premium paid Rs. 16,000 and also paid Rs. 12,000 as medical insurance premium of his spouse. Both these premiums are paid by cheque.
- (ii) Medi-claim insurance of his old father (paid by cheque) Rs. 8,000.
- (iii) Medi-claim insurance premium of his mother paid in cash Rs. 5,000.

Mr. Rohit's old father is handicapped and he spent Rs. 30,000 on his treatment during the previous year 2024-25.

Mr. Rohit is suffering from a specified disease and during the year he spent Rs. 60,000 on the treatment.

Mr. Rohit's son is studying in a reputed management college and doing MBA and he took a loan of Rs. 2,00,000 @ 12% from a Nationalized Bank in 2019. During the previous year 2024-25 Mr. Rohit re-paid to the Bank Rs. 48,000 which includes interest of Rs. 24,000.

SECTION-C

11. M/s Elite Enterprises is a partnership firm with two working partners sharing profits equally.

Net Profit as per P&L A/c - Rs. 14,00,000

Included in P&L:

- Salary to partners - Rs. 5,00,000
- Interest on capital @10% (Capital Rs. 6,00,000 each)
- Donation to National Defence Fund - Rs. 50,000
- Provision for Income Tax - Rs. 90,000

Other Information:

- Interest on bank deposit (not recorded) - Rs. 70,000
- Partnership deed authorizes salary & interest as per Income Tax Act.

Calculate:

- (1) Compute Book Profit.
 - (2) Compute Allowable Remuneration.
 - (3) Compute Total Income.
 - (4) Compute Tax Liability of firm.
 - (5) State how share of profit is treated in hands of partners.
12. Gupta HUF furnishes the following detail:

Income:

- (1) Business Income - Rs. 8,40,000
- (2) Income from House Property (Let out):
 - Rent - Rs. 4,20,000
 - Municipal Taxes - Rs. 30,000
 - Interest on housing loan - Rs. 1,60,000

(3) Interest on Bank Deposits - Rs. 80,000

Deductions:

- LIC Premium - Rs. 60,000
- PPF - Rs. 1,40,000
- Mediclaim - Rs. 25,000
- Donation to approved institution (100% subject to qualifying limit) - Rs. 80,000

Calculate:

- (1) Compute Gross Total Income.
- (2) Compute Total Income.
- (3) Compute Tax Payable by HUF.

13. Explain in detail the Appellate Procedure under the Income Tax Act.

Discuss:

- Appeals before Commissioner (Appeals)
- Appeal before ITAT
- Powers of Appellate Authorities
- Revision by Commissioner u/s 263 and 264

14. Discuss the provisions relating to Penalties and Prosecution under the Income Tax Act. Explain:

- Penalty for concealment of income
- Penalty for failure to file return
- Penalty for failure to deduct TDS
- Circumstances in which prosecution may be initiated
- Compounding of offences.