

QP CODE- 67269
SYBIM REGULAR
DIRECT TAXATION
DATE – 03/05/2019
SEMESTER IV

Q1) Objective type questions: (15)

A) Fill in the blanks: (Any 8) (08)

1. Total deduction u/s section 80C and 80CCC cannot exceed Rs. _1,50,000.
2. An income which does not fall under the first four heads of incomes is taxable under the head __OTHER SOURCES_____.
3. Agricultural income from India shall be exempt under section_10__.
4. capital gains__ means any profits or gains arising from the transfer of capital assets.
5. The standard deduction for the head of house property is given under section __24__.
6. NTI= GTI- ___deductions_____.
7. CII is Cost Inflation__Index_____.
8. Section __5__ of the income tax act defines the scope of income.
9. Advertisement in Political souvenir is expressly disallowed while computing business income.
10. Section ____6__ of the income tax act defines the residential status of a person.

B) State the following true or false: (Any 7) (07)

1. Personal effects include jewellery- False
2. Gratuity is an exempt perquisite-False
3. Lunch Facility provided by employer is taxable perquisite-false
4. Municipal taxes paid by the owner shall be deducted from the GAV- true
5. Profession tax is allowed as deduction on accrual basis-false
6. Scope of income decides if whether the income is Indian or Foreign income- true
7. Pension is given under provisions of section 10(10)-False
8. Dividend from Foreign Company is fully taxable-True
9. HUF is covered under the definition of Person under the Income tax act-True
10. For the head of income from salary there shall exist an employer and employee relationship-True

Q2)A) (08)

Mr. Tanmay- name of the assessee
AY- 2018-2019

PY- 2017-2018

Conditions 3 marks

calculations- 3 marks

conclusions- 2 marks

Tanmay who is born and brought up in India is leaving India for the further studies to UK, he shall be satisfying any one of the basic conditions under section 6(1) – stay in India during the previous year 2017-2018 for 182 days or more OR 60 days in previous year and 365 days or more during four preceding previous years from (2013-14 to 2016-17).

His stay in India during the previous year was 182 days from 1st Oct, 2017 to 31st March, 2019. and he becomes a RESIDENT as he satisfies one of the conditions. Under section 6(6) he can be a R&OR and R but NOR only if these conditions are verified- person has to be resident in India in 2 out of 10 preceding previous years. AND 730 days or more during 7 preceding years. In last ten years Tanmay was a resident in two out of ten years and also there in India for more than 730 days in 7 preceding years. So we may conclude that he is a “ R&OR”.

&

B)Mr. Santosh

each entry one mark , note one mark , total one mark

Particulars	R&OR	NR
Professional fees received in India for 3 months- Rs. 20,000	20,000	20,000
Payment received in UK for services rendered in India- Rs. 26,000.	26,000	26,000
Income from business in Australia controlled from India- Rs. 25,000	25,000	--
Income from Business in Brazil – Rs. 28,000.	28,000	--
Income from agriculture in Bangladesh- Rs.45,000.	45,000	--
Dividend from a foreign company received in UK-Rs.18,000	18,000	--
total	1,62,000	46,000

NOTE:

- Amount brought into India out of the past untaxed profits earned in USA- Rs. 28,000- NIL its an remittance not income.

Q2)

(15)

Mrs. Manisha

AY- 2018-19, PY-2017-18

Computation of total income : each step 2 marks:

Particulars	Rs.
Salary	50,000
Royalty from books(35,000- 3,000)	32,000
Honorarium received from management institute of management(4,000-500)	
Examiner ship fees from Mumbai university	3,500
Family pension(42,000 – 14,000)	1,000
(15,000 or 1/3 which ever is less)	28,000
Dronacharya award exempt under section 10(17A)	--
Total income	1,14,500

Q3)

(15)

Mr. Shakkal is suffering from a permanent physical handicap (disability @ 50%) .

Particulars	Rs.
Salary from ABC and CO.	30,000
Income from house property at Mumbai (as computed)	45,000
Income from other sources	
Income from Gambling	14,500
Interest on savings accounts at UBI Bank.	18,000
	32,500
Gross total income	1,07,500
Less:	
Deductions under chap VI A	
80U- 75,000	
80 TTA- 10,000	(85,000)
Net taxable income	22,500

OR

Q3)

(15)

X – Assessee

Salary and allowances from 1st April to 31st January, 2018 from AB Co. Ltd- 10 months

Basic Salary p.m. - Rs. 8,000 for ten months – 80,000

Dearness allowances considered for retirement benefits p.m. - Rs.1, 000- 10,000

Commission @4% on turnover of Rs. 1, 00,000 achieved by X- Rs. 4,000.

Gratuity received (not covered by the payment of gratuity act 1972)- Rs. 1,05,000- exempt least of the following :

$9000 \times 20 \times 15 / 26 = 1,03,846$

20,00,000

1,05,000

= taxable is 1154.

Salary and allowances from PQ Co. Ltd- 2 months

Basic salary p.m.Rs. 6,000- 12,000

Entertainment allowances p.m.- Rs.800- 1600

Fixed medical allowances p.m.- Rs. 200-400

House Rent allowances p.m.- Rs.500-1000

Leave salary Received- Rs. 3,000

$(80,000 + 10,000 + 4,000 + 1154 + 12,000 + 1600 + 400 + 1000 + 3000)$

Income from salaries = Rs.1,13,154

Q4)

(15)

Mr. Rahul – Assessee

AY- 2018-2019

PY- 2017-2018

Computation of capital gains long term gain- 3 marks each step of CII . exemption – 2 marks.
net answer – 3 marks.

Particulars	Rs.
Gross Consideration	75,00,000
Less: Transfer expenses	(1,20,000)
Net consideration	73,80,000
Less: Indexed cost of acquisition & improvement cost	
$(7,00,000 \times 272 / 109)$	17,46,789
$(1,40,000 \times 272 / 117)$	3,25,470
Long term capital gain	53,07,741
Less: Exemption under section 54 of purchases of new house	(25,00,000)
Net taxable long term capital gain	28,07,741

OR

Q4)

(15)

Z- Assessee, PY- 17-18, AY- 2018-19

Each unit calculation – 4marks,

Working note – 2 marks

Total income- 3 marks

Particulars	Rs.
(A) Income from SOP	NIL
Unit one – fully sop	
GAV=NAV= nil	
Less: deduction under section 24(interest payable)	
Loss from SOP	(24,000)
(B) Income from LOP	(24,000)
Unit two- LOP	
GAV(higher of fair rent and rent received)	
Less: Municipal taxes paid	72,000
NAV	(5,000)
Less: std deduction under section 24:	67,000
30 % of NAV	(20,100)
Interest payable	(24,000)
Net income from LOP	22,900
Total Loss from HP (I and II)(SOP and LOP)	(1,100)

Note- Unit three used for business so not taxable under the head house property.
other two house properties value computed as per the provisions.

Q5) A) Any 2 deductions under chapter VI section 80.

(08)

80C,80CCC, 80 D, 80 DD, 80E, 80 TTA, 80U.

B) Dividends under section 10.

(07)

Foreign dividend , Indian dividend, dividends from Indian company's fully exempt.

OR

Q5) Write short note on (Any 3)

(15)

- a. Receipts from LIC- Policies issued from 01/04/2003 to 31/03/2012, After 01/04/2012 etc.
- b. Leave salary exemption-provisions of section 10(10 AA)
- c. Conditions for Residential status- Provisions of section 6(1) & 6(6)
- d. Exemption under section 54-conditions, exemptions.
- e. Pension and its types-commuted , uncommuted , govt , non government employee, provisions under section 10(10 A).