 BBAtaxAC5040 **Seat No :_________**

B.B.A. Semester-5 (*CBCS*) Examination
March/April-2019
DIRECT TAXES

Time: 2:30 Hours **Marks: 70**

Instructions:
1. All questions are compulsory.
2. Figures to the right indicate marks.

Que-1 Define the following term (Any four:) (14)
1. Person
2. Previous Year and Assessment Year
3. Total income
4. Heads of income
5. Agricultural Income
6. Gross total Income

OR

Que-1 (A) Ricky pointing an Australian cricketer has been coming to India for 100 days every year since 2004-05: (10)
1. Determine his residential status for the assessment year 2017-18.
2. Will your answer be different if he has been coming to India for 110 days instead of 100 days every year.

(B) "The incidence of income-tax depends upon the residential status of the assessee" Discuss. (04)

Que-2 X has been in service of Y & Co (p) Ltd., since 1st February 1989, in Delhi during the financial year ending 31-03-2018 X received from the company salary @ Rs. 90,000 p.m. dearness allowance @ Rs. 15,000 p.m. city compensatory allowance @ Rs. 2000 p.m. entertainment allowance @ Rs. 5,000 p.m. and house rent allowance @ Rs. 25,000 p.m. X resides in the house property owned by his HUF for which he pays a rent of Rs. 30,000 p.m. X has been in receipt of entertainment allowance from company since February, 1989. (14)

X contributes Rs. 10,000 p.m. to the recognized provident fund. The company is also contributing an equal amount. X retires from the service of the company on 31-12-2017 when he was allowed a gratuity of Rs. 9,00,000 and pension of Rs. 40,000 p.m. On 1-2-2018 he got one half of the pension commuted and received Rs. 15,00,000 as commuted pension. He also received Rs.20,00,000 as the accumulated balance of the recognized provident fund.

Compute his income under the head salary for the assessment year 2018-19.

OR

Que-2 Mr. Shyam is Assistant Manager of a Textile Company of Jaipur, since 1991. (14)
He has submitted the following particulars of his income for the financial year 2017-18:
1. Basic salary Rs.2,40,000.
2. Dearness Allowance Rs.5,000 per month (Rs. 200 p.m. enters into retirement benefits).
3. Education allowance for two children at Rs. 150 p.m. per child.
4. Commission on sales 1% of turnover Rs.10,00,000
5. Entertainment allowance Rs. 700 p.m.
6. Travelling Allowance for his official tours Rs. 30,000. The entire amount is spent on the official tours Rs. 30,000. The entire amount is spent on the official tour.

7. He was given cloth worth Rs. 1000 by his employer free of cost.
8. He resides in the flat of the company. Its market rent in Rs. 12,000 p.m. A watchman and a cook have been provided by the company at the bungalow who are paid Rs. 400 per month each.
9. He has been provided with a motor car of 1.8 liter engine capacity for his official as well as personal use. The running and maintenance costs are borne by the company.
10. Employer's contribution to R.P.F. is Rs. 40,000 and the interest credited to this fund at 13% rate amount to Rs. 16,250.
11. Contribution by Mr. Shyam to recognized provident fund Rs. 40,000.
12. Rent of house recovered from Mr. Shyam Rs. 1,500.
13. Tax deducted at source from the above payment Rs. 6,000.

Compute income from salaries for the assessment year 2018-19. Assume the population of Jaipur is 26 Lakhs as per 2001 census.

Que-3 Mr. Smit owns three houses named "Radha", "Krishna" and "Shrija". Compute the taxable Income under the head "Income from house property" for the A.Y 2018-19 from the following: (14)

Sr. No.	Particulars	Radha	Krishna	Shrija
1.	Annual value as per municipal assessment	48,000	36,000	60,000
2.	Monthly fair rent	3,500	2,000	5,500
3.	Standard rent(Annual)	42,000	30,000	72,000
4.	Actual rent received monthly	-	-	6,000
5.	Vacancy Period	-	-	1 Month
6.	Municipal tax paid	9,000	4,000	12,000
7.	Housing Loan interest	42,000	25,000	40,000
8.	Year of completion of construction	2013-14	2014-15	2015-16
9.	Use of the house	Self occupied	Self occupied	Let out

OR

Que-3 Mr. Devid owns a house property in Delhi. From the particulars given compute the income from house property for the assessment year 2018-19. (14)

Particulars	Rs.
Municipal value	2,00,000
Fair rent	2,52,000
Standard Rent	2,40,000
Actual rent (per month)	23,000
Municipal taxes	20% of municipal value
Municipal taxes paid during the year	50% of tax levied
Expenses on repairs	20,000
Insurance premium	5,000

Mr. Devid had borrowed a sum of Rs.12,00,000 @ 10% p.a. on 1-7-2015 and the construction of the property was completed on 28-2-2017.

Que-4 The profit and loss Account of a Cell-phone dealer for the previous year ending 31st March, 2017 is given below: (14)

Particulars	Rs.	Particulars	Rs.
To Rent paid	3,60,000	By Gross profit	38,87,000
To salaries	21,64,000	By Rent of let-out house	7,20,000
To Diwali and puja Espenses	24,000	By Hire-Charges of Cell-	
To interest on loan	2,40,000	Phones	5,19,000
To Sundry Expenses	1,34,000	By Sundry Income	52,000
To Bad debts	15,000	By Commission	74,000
To Charities	1,94,000		
To Bed debts Reserve	44,000		
To Local rates	12,000		
To Entertainment Expenses	17,000		
To loss by fire	48,000		
To net profit	20,00,000		
	52,52,000		52,52,000

Compute the taxable business income for the assessment year 2017-'18 after taking onto account the following additional information.

1. 'Rent paid' includes Rs. 84,000 in respect of the shop owned by the assessee.
2. 'Salaries' includes Rs. 1,92,000 paid to the assessee's graduate son for rendering part-time services to the business.
3. 'Interest on loan' includes Rs. 50,000 paid as interest on a loan taken from the assessee's wife.
4. The assesse has also earned Rs. 3,20,000 on the sales of smuggled mobiles, which has not been shown in the above profit & Loss A/c.
5. ' Local rates' includes Rs. 6,000 in respect of let-out house property.

OR

Que-4 Shri Salin Mehta of Rajkot a Well known advocate in maintaining his account on cash basis. He furnishes the following information for the year ended 31st March, 2018: (14)

Receipts	Rs.	Payments	Rs.
To Balance b/d	2,24,000	By Office Expenses	5,24,000
To Gifts from clients	1,26,000	By Motor-car Expenses	2,80,000
To Professional		By purchase of office equipments	4,80,000
Fees:		By staff salaries	29,02,000
2014-'15	10,000	By Income-tax paid	1,30,000
2015-'16	20,000	By interest on loan	22,000
2016-'17	43,20,000	By Refund of loan	300,000
To Loan from clients	100,000	By contribution to provident fund	1,23,000
		By Balance C/f	39,000
	48,00,000		48,00,000

Additional Information:

1. Calculate 10% depreciation on office equipment.
2. Allowable Deprecation on motor- Car is Rs. 60,000.
3. 20% of Motor-car expense is for personal use.
4. Outstanding fees amount to Rs. 1,20,000.

Compute taxable income of Shri Salin Mehta under the head of profit and gains of Business or profession for the assessment year 2018-'19.

Que-5 Write short note (Any four). (14)

1. Powers of Income-Tax officers
2. Objects of settlement Commission
3. Exempted incomes of non-resident and Foreign Citizens
4. Central Board of Direct Taxes
5. Income-tax Authorities
6. Give four incomes fully exempted

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