647510 **BBA5DitA506x** **Seat No :________**

B.B.A. Semester - 5 (*CBCS*) Examination
Oct/Nov - 2021 (NEW COURSE)
Direct Taxes (Allied)

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

Instructions:

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

Q.1 Define the following terms. (Any Two): (14)

1. Previous year and assessment year
2. Agricultural Income
3. Total Income
4. Person

OR

Q.1 Write a Short notes on.

1. "The Incidence of income – tax depends upon the residential status of the Assessee"- Discuss.
2. Heads of Income

Q.2 Shree Rajnandani Pande has prepared the following profit and loss account for the year ending 31st March 2018. (14)

Profit And loss Account of Shri Rajnandani

Particulars	Rs.	Particulars	Rs.
To General Expenses	130,000	By Gross profit	48,64,000
To bad-debts	4,000	By Discount and commission	12,000
To bad-debts reserve	10,000	By rent income	54,000
To provision for taxation	1,14,000	By interest on post office savings account	6,000
To Income tax	3,70,000		
To Insurance premium	22,000	By Bad-debts recovered	32,000
To Motor-car expenses (Except depreciation)	2,10,000	By surplus on sale of shares	150,000
		By profit on sale of machinery (sold for Rs. 20,000)	2,000
To Staff Salary	22,80,000		
To legal charges	8,000		
To Donation to approved charitable trust	12,000		
To Net profit	19,60,000		
	51,20,000		51,20,000

Additional information is as follows:

1. Insurance premium includes Rs. 6,000 being medi-claim insurance and Rs. 4,000 being life insurance premium.
2. 75% of the amount of bad debts recovered relates to the amount of bad debts not allowed before three years.
3. ½ use of motor-car is for personal purposes and the written down value of the car as on 1-4-2017 was Rs. 5,00,000 (Depreciation rate 15%).

Compute his total taxable Business income for the assessment year 2018-19.

OR

Q.2 The income and expenditure Account of Dr. Dharm Rana for the previous year 2017- 18 is as under:

Expenditure	Rs.	Income	Rs.
To staff salary	2,74,000	By Income from Nursing Home (Surgical)	3,60,000
To marriage expenses of son	86,000	By Income from operations	2,45,000
To electricity	32,000	By Dividend (Gross)	3,000
To purchase of medicine and stores	33,000	By Interest of treasury saving certificate	1,000
To Telephone expenses	5,000	By Consultation Fees	26,000
To Rent of nursing home	18,000	By Winning from lottery	3,000
To Depreciation of instruments	6,000	By birthday Gift (of a minor son)	30,500
To Depreciation of other assets	1,000	By Rental income of house property	46,000
To Local taxes	4,000		
To Rent of equipment	2,000		
To Insurance premium	7,000		
To Excess of income over expenses	2,46,500		
	7,14,500		**7,14,500**

Additional Information:

1. Salary included Rs. 60,000 paid to his wife who is a qualified nurse and attends duty on weekends only.
2. The allowable depreciation on surgical instruments is Rs. 10,000 and on other assets is Rs. 750.
3. Municipal taxes include the sum of Rs. 1,500 paid in respect of his property which is let out.
4. He has received honorarium of Rs. 36,000 as a visiting professor.
5. Insurance premium includes Rs. 2,000 being Mediclaim insurance (self) and Rs. 1,000 being life insurance premium.

Compute the taxable income of Mr. Dharm Rana from business and profession for the A.Y. 2018-19.

Q.3 From the following information calculates taxable income under the head salaries of Mr. Akshar for the A.Y 2018-19. (14)

1. Basic salary Rs. 3,60,000 p.a.
2. Dearness Allowance 10% of basic pay (not considered for retirement benefit.)
3. Commission Rs. 30,000
4. Bonus one-month salary
5. House Rent Allowance Rs. 60,000 p.a.(Rent paid by him at Ahmadabad Rs. 4,500 p.m.)
6. Education Allowance Rs. 1,000 p.m. for him.
7. He and his employer contribute 15% of basic salary in recognized provident fund.

Employer has also provided 1.4 liters cubic capacity motor car, used for personal as well as office purposes. All expenses of motor car are paid by the employer. Following taxes are paid by Mr. Akshar during the year 2017-18.
Income tax Rs. 15,600, professional tax Rs. 2,400.

OR

Q.3 Shri Sahaj is working as a salesman. Following details pertain to the income of salary and other income of previous year 2017-18.

1. Basic salary Rs. 6,000 p.m, from October, 2017 basic salary was increased to Rs. 7,000 p.m.
2. Dearness Allowance – (considered as a part of salary for retirement benefit) - Rs. 29,000 Yearly.
3. Commission on sales – Rs. 1,75,000.
4. House Rent Allowance – Rs. 60,000 p.a (Actual rent paid Rs. 4,000 p.m.)

5. Transport Allowance – Rs. 1,500 p.m. (Actual expenses paid Rs. 12,000)
6. Tour Allowance – For five trips – per trip Rs. 1,200 (Actual expenses per trip Rs. 1,000)
7. Daily Allowance for tour – Rs. 250 per day for 60 days (Actual expenses paid during the year Rs. 9,600)
8. Uniform Allowance – Rs. 1,800 .p.m. (Actual Expense Rs. 1,500 p.m.)
9. Research Assistant Allowance – Rs. 600 p.m. (Actual expense Rs. 9,000)
10. Education Allowance for children – Rs. 6,000 (for two child)
11. Entertainment Allowance Rs. 6,000 yearly.
12. Employer's contribution to recognized provident Fund @ 15% of salary (including D.A. & Commission)

Calculate taxable salary income for A.Y 2018-19.

Q.4 The following Details is available regarding house property of Mr. Tulsi. Date of completion of construction was 30-11-2017: (14)

1.	Municipal value	72,000 p.a.
2.	Fair rent	7,500 p.m.
3.	Rent received	10,000 p.m.
4.	Local taxes (out of which 60% paid during the year)	8,000 p.a.
5.	Repairs	4,000
6.	Collection charges	1,000
7.	Interest on loan(un paid) of post construction	9,000
8.	Capitalised interest of construction period	10,000
9.	Land revenue (Annual)	4,000
10.	Ground rent (Annual)	5,500
11.	Loan repayment due but not paid	16,000
12.	Insurance premium (Annual)	2,000

The house is rented for residence purpose. The property remained vacant during March 2018. Compute the taxable income under the head 'income from House property for A.Y 2018-19.

OR

Q.4 From the following information about the house properties owned by Mr. Divy Raj you are required to compute his taxable income under the head of House property income for the A.Y 2018-19.

Particulars	House-1	House-2	House-3
1. Use	Let-out for residence	Let–out for business	Self – occupied
2. Municipal Value p.a.	4,00,000	2,10,000	6,00,000
3. Standard rent p.a	4,10,000	1,95,000	5,16,000
4. Actual rent monthly	30,000	25,000	-
5. Fair rent p.a	4,20,000	2,25,000	6,50,000
6. Vacancy period	1 month	-	-
7. Municipal taxes paid by Mr. Divy Raj	22,000	18,000	25,000
8. Interest on loan taken for construction for P.Y. 2017-18 (Unpaid)	10,000	30,000	35,000
9. Capitalised interest (total)	100,000	1,50,000	-
10. Year of completion of construction	2014-15	2008-09	2008-09

Q.5 Write short notes: (Any Two) (14)

1. Objectives of settlement Commission
2. Explain any six exempted incomes
3. Powers of Assessing officers
4. Appellate Tribunal

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