647510 **BBAtaxAC5040** **Seat No :________**

B.B.A. Semester - 5 (*CBCS*) Examination
Oct/Nov. - 2021(Old 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. Heads of Income
3. Total Income
4. Assessee

OR

Q.1 Write a Short notes on.
1. "The Incidence of income – tax depends upon the residential status of the Assessee"- Discuss.
2. Agricultural Income

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

Profit And loss Account of Shri Mishva Rathod

Particulars	Rs.	Particulars	Rs.
To General Expenses	65,000	By Gross profit	24,32,000
To bad-debts	2,000	By Discount and commission	6,000
To bad-debts reserve	5,000		
To provision for taxation	57,000	By rent income	27,000
To Income tax	1,85,000	By interest on post office savings account	3,000
To Insurance premium	11,000		
To Motor-car expenses (Except depreciation)	1,05,000	By Bad-debts recovered	16,000
		By surplus on sale of shares	75,000
To Staff Salary	11,40,000	By profit on sale of machinery (sold for Rs. 10,000)	1,000
To legal charges	4,000		
To Donation to approved charitable trust	6,000		
To Net profit	9,80,000		
	25,60,000		25,60,000

Additional information is as follows:
1. Insurance premium includes Rs. 3,000 being medi-claim insurance and Rs. 2,000 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. 2,50,000 (Depreciation rate 15%).

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

OR

Q.2 Shri Rajat Sharma of Baroda a well known advocate is maintaining his account on cash basis. He furnishes the following information for the year ended 31st March, 2019:

Receipts and payment Account

Receipts	Rs.	Payments	Rs.
To Balance b/d	4,48,000	By Office Expenses	10,48,000
To Gifts from clients	2,52,000	By Motor- Car Expenses	5,60,000
To Loan from clients	200,000	By purchase of office equipments	9,60,000
To Professional Fees:			58,04,000
		By staff salaries	
2016-'17	20,000		260,000
		By Income -tax paid	
2017-'18	40,000		44,000
		By interest on loan	
2018-'19	86,40,000		600,000
		By Refund of loan	
			2,46,000
		By contribution to provident fund	78000
		By Balance C/f	
	96,00,000		96,00,000

Additional information:

1. Calculate 10% depreciation on office equipment.
2. Allowable Deprecation on motor –Car is Rs. 120,000.
3. 20% of Motor-car expense is for personal use.
4. Outstanding fees amount to Rs.2,40,000.

Compute the taxable income of Shri Rajat Sharma under the head of profit and gains of Business or profession for the assessment year 2019-'20.

Q.3 Compute the salary income of Mr. Kavy for the previous year relevant to A.Y. 2018-19 from the following information. (14)

1. Basic Salary: He joined on 1-7-2014 in the grade of Rs. 7,000 -1000-14,000. The increment becomes due on 1st July every year. He is a specified employee.
2. Dearness allowance: 50% of basic pay.
3. Bonus and commission: Rs. 62,500 p.a.
4. Entertainment allowance: Rs. 500 p.m.
5. Children education allowance: Rs. 350 p.m. (He has only one child)
6. The company has provided him a flat owned by the company, the fair rental value of the said flat is Rs. 2,700 p.a. The company has spent Rs. 2, 80,000 on its furnishing.
7. The company has appointed a gardener at a monthly salary of Rs. 1,000.
8. The company has reimbursed the medical expenses of Rs. 6,000 incurred by him for the treatment of his family members.
9. The company has provided a car without driver, all expenses of maintenance are borne by the employee. The car is for office use and privete use and has 1.8 cubic litres capacity.
10. The company is contributing @ 15% of basic pay towards his recognized provident fund.
11. Interest credited to his RPF @ 15% Rs. 7,500.

12. The company has made following deductions from his pay:
    1. Employees contribution to RPF 12% of Basic pay.
    2. Professional tax Rs. 2,400 (annual).
    3. Recovery of token rent for accommodation @ 10% of basic pay.
    4. Recovery of excess commission paid during the year Rs. 2,500.
13. He is working at Ahmadabad having a population of more than 25 lakhs.

OR

Q.3 Mr. Het a Marketing Manager in perfect chemicals Ltd. Surat, furnishes the following information regarding his salary income for the year ended on 31st March of previous year.

1. Basic Salary Rs. 30,000 p.m.
2. Dearness Allowance (Rs. 15,000 is part of salary) : Rs. 20,000 p.m.
3. Travelling allowance Rs. 45,000 for the year (fully utilised).
4. Children Education Allowance (for one child) Rs. 500 p.m.
5. Entertainment Allowance Rs. 600 p.m.
6. House Rent Allowance Rs. 8000 p.m. (He pays house rent Rs. 10,000 p.m.).
7. He contributes to recognized P.F. Rs. 6,000 p.m. to which the company contributes an equal sum.
8. Interest accrued to R. P.F. @ 11% amounts to Rs. 44,000.
9. He has paid Rs. 200 p.m. as professional tax .

Compute his taxable salary income for the A.Y.2018-19.

Q.4 Determine the Gross Annual Value of Let-out Properties owned by Shri Shyam for the A.Y. 2018-19. (14)

Particulars	**House No.1 Rs.**	**House No.2 Rs.**	**House No.3 Rs.**
1. Annual value as per municipal valuation	11,200	14,400	28,800
2. Annual Fair Rent	11,600	14,800	33,600
3. Annual Standard rent	11,360	14,000	28,000
4. Rate of monthly rent of the period when the house was in the occupation of tenant.	1,120	1,120	2,240
5. Vacancy period	15 days	2months	1 month
6. Unrealised rent (All conditions are satisfied)	1,120	3,360	1,600

OR

Q.4 Mr. Ajendra prasad owns a house property in Delhi. From the particulars given below compute the income from house property for the assessment year 2016-17.

Particulars	Rs.
Municipal value p.a	2,00,000
Fair rent p.a	2,52,000
Standard Rent p.a	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. Ajendra prasad had borrowed a sum of Rs. 12,00,000 @ 10% p.a. on 1-7-2013 and the construction of the property was completed on 28-2-2015.Total Interest on pre-construction period and previous year is Rs. 138,000.

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

1. Powers of settlement Commission
2. Explain any four exempted incomes
3. Assessing officers
4. Commissioners of Income–Tax

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