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

B.B.A. Semester - 5 (Remedial) (*CBCS*) Examination
March/April-2023 (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. Heads of Income
2. Agricultural Income
3. Total Income
4. Income

OR

Q-1 Write a Short notes on.

1. Previous year and assessment year
2. "The Incidence of income – tax depends upon the residential status of the Assessee"- Discuss.

Q-2 Write short notes: (Any Two) **(14)**

1. Assessing Officers
2. Explain any five exempted incomes
3. Commissioners of Income - Tax
4. Objects of Settlement Commission

Q-3 The profit and loss Account of a Cell-phone dealer for the previous year ending 31st March, 2018 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 Expenses	24,000	By Hire- Charges of Cell- Phones	5,19,000
To Interest on loan	2,40,000	By Sundry Income	52,000
To Sundry Expenses	1,34,000	By Commission	74,000
To Bad debts	15,000		
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 2018-'19 after taking into 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 assessee has also earned Rs. 7, 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.6000 in respect of let-out house property.

OR

Q-3 Following is the profit and loss Account of Mr. Madanmohan (Aged 67 years) for the year ended on March 31, 2018. Compute his total income and tax liability for the assessment year 2018-19.

Particular	Rs.	Particular	Rs.
To salary	9,00,000	By Gross Profit	20,80,000
To General Expenses	60,000	By bad debt recovered	40,000
To Advertisement Expenses	30,000	(Not allowed as deduction in	
To interest on capital @ 12%	48,000	earlier year)	
To interest on bank loan	60,000	By interest on bank deposit	36,000
To provision for bad debt	20,000	By Rent received	72,000
To depreciation	70,000		
To Advance income tax	40,000		
To stationery	10,000		
To life insurance premium	50,000		
To Maintenance of car	1,40,000		
To Net profit	**8,00,000**		
	22,28,000		**22,28,000**

Additional Information:

1. Salary includes the salary drawn by Madanmohan Rs. 72,000.
2. Depreciation allowable as per income tax rule amounts to Rs. 60,000.
3. Life insurance premium has been paid for the life of wife of Mr. Madanmohan (policy value Rs. 16,00,000).
4. 25% of car usage is for personal purpose.

Q-4 Mr. Vikas joined a company on 1-4-2015 as an accountant in the salary scale of Rs. 18,000 – 1,000 – 30,000. Annual increment becomes due on 1st April. He is a specified employee. He provides the following details for the year ending 31st March 2018. **(14)**

1. D.A @ 40% of basic salary.
2. Contribution to recognised provident fund by both @ 12% of salary.
3. City Compensatory Allowance @Rs. 2,000 p.m.
4. Interest @ 12% p.a rate credited to RPF A/c Rs. 2,400.
5. House Rent Allowance Rs. 1,000 p.m.
6. Entertainment Allowance Rs. 1000 p.m.
7. Tour and Travelling Allowance Rs. 24,000 (of which Rs. 8,000 is saved).
8. The Company has provided 1.8 liters cubic capacity car partly for private use and partly for office use. All its expenses are met by the employee.
9. Free Education is provided to two children in a school run by the company. Average monthly cost of such education is a similar school is Rs. 1,000 per child.
10. The Company pays Rs. 6,000 for gas-water facilities for his personal use.
11. Leave encashment amount received in cash Rs. 6,000.
12. Free lunch is provided on 200 working days (cost per lunch Rs. 100).
13. The company pays Rs. 600 p.m. for telephone facility.
14. He has paid professional tax of Rs. 2,400 and house rent of Rs. 36,000.

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

OR

Q-4 From the following information calculate taxable income under the head salaries of Mr. Dhruvil for the A.Y 2018-19.

1. Basic salary Rs. 3,60,000
2. Commission Rs. 40,000
3. Bonus one month salary
4. HRA Rs. 60,000 (Rent paid by him at Ahmadabad Rs. 4,500 p.m.)
5. Education Allowance Rs. 1,000 p.m. for him.
6. He and his employer contribute 15% of basic salary in recognized provident fund.
7. Dearness Allowance 10% of basic pay (not considered for retirement benefit.)

Employer has also provided 1.4 litres 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. Dhruvil during the year 2017-18.

Income tax Rs. 15,600, professional tax Rs. 2,400.

Q-5 Determine the Gross Annual Value of Let-out Properties owned by Shri Akshar 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 **(a)**	11,200	14,400	28,800
2. Annual Fair Rent **(b)**	11,600	14,800	33,600
3. Standard rent **(c)**	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-5 The following Details are available regarding house property of Mr. Prakash. Date of completion of construction was 30-11-2017:

1.	Rent received	10,000 p.m.
2.	Fair rent	7,500 p. m.
3.	Municipal value	72,000 p.a.
4.	Local taxes (out of which 60% paid during the year)	8,000 p.a.
5.	Repairs	4000
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.

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