



**JAA-161100010504**

Seat No. \_\_\_\_\_

**B. B. A. (Sem. V) (CBCS) Examination**

**October - 2019**

**Direct Taxes**

*(New Course)*

Time : **2:30** Hours]

[Total Marks : **70**

- Instructions :** (1) Show working as a part of your answer.  
(2) Figures to the right indicate full marks of the question.

- 1** Write notes : (any **four**) **14**
- (a) Assessment Year
  - (b) Person
  - (c) Heads of Income
  - (d) Gross Income
  - (e) Assessee
  - (f) Total Income
  - (g) Explain the essential status for Individual person.
- 2** Write Incomes exempt from Income Tax (Sec. 10) and explain any five in detail. **14**

**OR**

- 2** Explain the power and duties of Income Tax Officers. **14**

- 3 Mr. Lalbhai has prepared the following Profit and Loss Account for the year ending 31<sup>st</sup> March, 2018 : 14

**Profit and Loss Account**

To General Expenses	65,000	By Gross Profit	24,32,000
To Bad-debts	2,000	By Discount and	
To Bad-debts reserve	5,000	Commission	6,000
To Provision for		By Rent income	27,000
taxation	57,000	By Interest on Post	
To Income tax	1,85,000	Office Saving A/c	3,000
To Insurance		By Bad-debts	
Premium	11,000	recovered	16,000
To Motor Car		By Surplus on sale	
expenses (except		of shares	75,000
depreciation)	1,05,000	By Profit on sale	
To Sales Tax	55,000	of machinery	
To Staff Salary	10,85,000	(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		
	<b>25,60,000</b>		<b>25,60,000</b>

**Additional Information :**

- (a)  $\frac{1}{2}$  use of motor-car is for personal purpose and the W.D.V. of the car as on 1-4-2017 was Rs. 2,50,000 (Depreciation rate 15%)
- (b) Insurance premium includes Rs. 3,000 being mediclaim insurance and Rs. 2,000 being life insurance premium
- (c) 25% of the amount of Bad debts recovered relates to the amount of bad debts not allowed before three years.

Compute his total taxable Business Income for the A.Y. 2018-19.

**OR**

3 Mr. Shah is a Merchant. Following information is obtained 14  
from the books for the Accounting Year 2017-18.

Find out : (1) Allowable expenses and (2) Disallowable expenses under the head of Profit and gain from Business and Profession, and prepare statement.

Name of the expenses :

- (1) Interest on loan ..... Rs. 26,000
- (2) Donation to recognized Institution..... Rs. 4,000
- (3) Interest on capital..... Rs. 5,000
- (4) Donation to unrecognised Institution ..... Rs. 5,000
- (5) Bad debts ..... Rs. 14,000
- (6) Exps. to raise the loan ..... Rs. 11,000
- (7) Wealth tax ..... Rs. 2,000
- (8) Professional tax..... Rs. 13,000
- (9) Exps. of Illegal business ..... Rs. 14,000
- (10) Compensation to worker for the injury ..... Rs. 15,000
- (11) Workers' Welfare Exps. .... Rs. 16,000
- (12) Bad debts reserve ..... Rs. 3,000
- (13) Sales tax paid ..... Rs. 12,000
- (14) Income tax ..... Rs. 21,000
- (15) Insurance of machine ..... Rs. 17,000
- (16) Life Insurance Premium ..... Rs. 8,000
- (17) Office salary ..... Rs. 1,49,000
- (18) Owner's salary ..... Rs. 51,000
- (19) Furniture stolen ..... Rs. 3,000
- (20) Goods stolen (cost)..... Rs. 12,000

4 Shree Jaykumar employed as a marketing manager in TCS Ltd. furnishes you the following information : 14

- (a) Basic Salary upto 31-10-2017 - Rs. 50,000 p.m.  
Basic Salary from 1-11-2017 - Rs. 60,000 p.m.
- (b) Dearness allowance @ 40% of Basic salary.
- (c) Bonus equal to one month salary paid in Oct. 2017 on basic salary plus dearness allowance applicable for that month.
- (d) Contribution of employer to recognized provident fund account of the employees @ 16% of Basic salary.
- (e) Profession tax paid Rs. 3,000 of which Rs. 2,000 was paid by the employer.
- (f) Facility of Laptop and Computer was provided to Jaykumar for both official and personal use. Cost of Laptop Rs. 45,000 and Computer Rs. 35,000 were acquired by the company on 1-12-2017.
- (g) Motor car owned by the employer (CC of engine exceeds 1.60 litres) provided to the employee from 1-11-2017 meant for both official and personal use. Repair and Running expenses of Rs. 45,000 from 1-11-2017 to 31-3-2018 were fully met by the employer. The motor car was self driven by the employee.

Leave Travel concession given to employee, his wife and three children (one daughter aged 7 and twin sons aged 3). Cost of Air tickets (Economy class) reimbursed by the employer was Rs. 30,000 for adults and Rs. 45,000 for three children. Jaykumar is eligible for availing exemption this year to the extent it is permissible in law.

Compute the Salary Income chargeable to tax in the hands of Shree Jaykumar for the A.Y. 2018-19.

**OR**

4 Mrs. Tripathi, the managing director of a company, for 14  
the financial year 2017-18, Computer her taxable salary for  
A.Y. 2018-19 :

- Basic salary Rs. 4,20,000
- Bonus Rs. 45,000
- Entertainment allowance Rs. 4,000
- Payment made by the employer for free supply of gas provided for personal use Rs. 6,000
- House servant's salary reimbursed by the employer Rs. 14,000
- Free education facility provided to three children in an institution maintained by the employer; cost borne by the company for providing such education is Rs. 39,000 of which Rs. 1,500 is recovered from her salary.
- The company has also paid salary of watchman and cook at Rs. 18,000 and Rs. 9,600 respectively.
- Mrs. Tripathi bought personal articles worth Rs. 27,000 by using the credit card provided by the employer.
- Company's contribution to R.P.F. Rs. 50,400
- Interest credited to her R.P.F. A/c @ 10.5% is Rs. 23,100
- Professional tax paid by her Rs. 2,400
- Concessional lunch facility provided during office hours (cost per dish Rs. 100 for 290 days is borne by the company); a token amount of Rs. 20 per dish is deducted from her salary.
- Company providing free holiday home facility at Matheran Rs. 36,000.

- 5 Mr. Indra, a resident individual, owns a house in U.S.A. 14  
 He receives rent @ \$ 2,000 p.m. He has paid municipal taxes of \$ 1,500 during the previous year 2017-18. He also owns a two storied house in Ahmedabad, ground floor is used for his residence and the first floor is let out at a monthly rent of Rs. 10,000. Standard rent for each floor is Rs. 11,000 p.m. Municipal taxes paid for the house amount to Rs. 7,500. Mr. Indra had constructed the house by taking a loan on 20-6-2015. During the financial year 2017-2018, He has repaid the loan of Rs. 96,000 including interest of Rs. 24,000. The value of one dollar is to be taken as Rs. 65. Compute total income from house property of Mr. Indra taken the A.Y. 2018-19.

**OR**

- 5 Give below are the particulars of hosue property owned 14  
 by Rajbhai :

**Houses**

Particulars	I (Rs.)	II (Rs.)	III (Rs.)
Municipal valuation (Rs.)	80,000	75,000	30,000
Annual fair rent	90,000	1,00,000	36,000
Standard rent	-	1,10,000	-
Municipal tax (unpaid)	20%	20%	20%
Payment for tenants' amenities	-	3,000	-
Repairs	4,000	5,000	3,000
Insurance Premium (Paid)	2,500	2,000	1,500
Interest (of P.Y. 2017-18) on loan taken for construction	50,000	30,000	10,000
1/5 part of total interest of construction period	-	15,000	5,150
Year of completion of construction	2016-17	2013-14	2014-15
Use of the house	Self occupied	let-out for residence	Self occupied

**Additional Information :**

- (a) House 'II' (Consisting of two separate units and the area is in the ratio of 3 : 2) has been let-out to two tenants. Monthly rent of Unit-1 Rs. 4,500 and that of Unit-2 Rs. 3,000 (rent of Unit-2 is inclusive of charge for tenants' amenities).
- (b) The tenant, who was in possession of Unit-1, had vacated the house on 31-1-2018 without making payment of last two months rent. This unit remained vacant upto 31-3-2018.
- (c) The tenant, who was in possession of Unit-2, had also vacated the house on 1-3-2018. This unit remained vacant up to 31-3-2018.

Compute the taxable income under the head 'Income from House Property' for the year 2018-19.

---