



BCK-161100010504

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

**B. B. A. (Sem. V) (W.E.F. 2016) Examination**

**August - 2021**

**Direct Taxes**

Time :  $2\frac{1}{2}$  Hours]

[Total Marks : 70

**Instruction :** Answer any five questions.

- 1 Explain following terms with examples : 14  
(1) Assessment Year and Previous Year  
(2) Person  
(3) Income tax and Surcharge.  
(4) Slab and Step method for calculation of taxes.
- 2 Explain following in detail with example. 14  
(1) Conditions for Resident  
(2) Conditions for Ordinarily Resident.
- 3 Explain any seven fully exempted income from the tax. 14
- 4 Explain in detail : 14  
(a) CBDT  
(b) Appellate Tribunal
- 5 Shri Rajeshwar is an advocate and maintaining his 14  
accounts on the cash basis.  
He furnishes the following information for the year ended on  
31-3-2021.

Receipts	Amount (Rs.)	Payments	Amount (Rs.)
To balance b/d	1,12,000	By purchase of office equipment	2,40,000
To Professional fees:		By Motor car exp.	1,40,000
2019-20	5,000	By Office Exp.	3,62,000
2020-21	40,000	By Staff Salaries	14,51,000
2021-22	21,60,000	By income tax paid	65,000
To gifts from Clients	63,000	By interest on loan	11,000
To Loan from Clients	1,50,000	By refund of loan	1,50,000
		By contribution to PF	61,500
		By Balance c/f	49,500
	<b>25,30,000</b>		<b>25,30,000</b>

**Additional Information :**

- (1) Allowable depreciation on motor car is Rs. 30,000.
- (2) 20% of motor car exp. is for personal use.
- (3) Outstanding fees amounted to Rs. 60,000.
- (4) Calculate 10% depreciation on office equipment.

Compute taxable income from profession for the A.Y. 2021-22.

- 6 Following is the P&L A/c. of Mr. Mahesh for the year 14  
ended on 31-3-2020, find out his taxable income from Business  
for A.Y. 2021-22.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Rent Paid	3,60,000	By Gross Profit	19,43,500
To Salaries	10,82,000	By Rent of let-out house	3,60,000
To Diwali exp and Puja Exp.	12,000	By Hire-charges of Cell phones	2,59,500
To Interest on loan	1,20,000	By Commission	37,000
To Sundry Exp.	2,47,000	By Sundry income	26,000
To Bad debts	7,500		
To Charities	97,000		
To Bad Debts Reserve	22,000		
To Local Rates	6,000		
To Entertainment Expense	8,500		
To loss by fire	24,000		
To Net Profit	6,40,000		
	<b>26,26,000</b>		<b>26,26,000</b>

**Additional Information :**

- (1) Rent paid includes Rs. 42,000 in respect of the shop owned by the assessee.
- (2) Salaries includes Rs. 96,000 paid to son of Mr. Mahesh, who is graduate and render his services (part-time) to business.
- (3) Interest on loan includes Rs. 25,000 on loan taken from wife of assessee.
- (4) Local rates include Rs. 3,000 paid in context of let out house property.

- 7 Mr. Malhotra joined a company on 1-4-2018 as an accountant in the salary scale of 9000–500–15000. Annual increment becomes due on 1<sup>st</sup> April. Calculate his taxable salary to A.Y. 2021-22. 14
- (1) D.A. @ 20% of basic salary.
  - (2) Contribution to recognized provident fund (by both) @ 12% of salary.
  - (3) City compensatory allowance Rs. 1000 per month.
  - (4) Interest @ 12% p.a. credited to RPF Rs. 2,400.
  - (5) House rent allowance Rs. 1000 per month.
  - (6) Entertainment allowance Rs. 200 per month.
  - (7) Travelling allowance Rs. 6,000 (amount spent Rs. 4,000).
  - (8) The company has provided 1.8 litres car partly for private use and partly for office use. All its expenses are met by the employee.
  - (9) Free education facility at employer's school for a child of Mr. Malhotra costing Rs. 15,000.
  - (10) The company pays Rs. 6,000 for gas-water facility for his personal use.
  - (11) Free lunch is provided on 200 days (cost per dish Rs. 100).
  - (12) He has paid professional tax Rs. 2,400 and house rent of Rs. 30000 p.a.
- 8 Shri Bimal a Director-Employee of Limited Company. 14  
Compute his gross income from salary for the assessment year 2021-22 from the following details :
- (1) Basic salary @ Rs. 7,000 p.m. upto 30-9-20 and thereafter increased Rs. 9,000 p.m.
  - (2) Dearness Allowance – 50% of Basic Salary.
  - (3) Commission on sales – Rs. 60,000
  - (4) Entertainment Allowance – Rs. 500 per month
  - (5) Educational Allowance – (he has one child) – Rs. 300 per month.
  - (6) The company (subject to FBT) has provided him a flat in Ahmedabad, which is owned by the company. The company has spent Rs. 3,81,400 to furnish his flat.
  - (7) Company has also provided a gardener having salary of Rs. 800 per month paid by the company.
  - (8) The company has reimbursed medical expenses incurred by him for his family members amounting to Rs. 15,000.
  - (9) The company has provided free transport facility to the family members of the employee (cost to employer Rs. 9,600).
  - (10) The employer deducts 10% of his basic salary towards rent of the flat given to him as his residence.

- 9 Mr. Urjit is the owner of three houses. Find out his taxable income from house property for the A.Y. 2021-22 from the details given below : 14

Particulars	House No. 1	House No. 2	House No. 3
Usage of the house	Let out	Let out	Self occupied
Municipal Value	Rs. 63,600	Rs. 61,200	Rs. 2,00,000
Fair Rent	Rs. 96,000	Rs. 60,600	-
Standard rent	Rs. 84,000	Rs. 62,400	-
Rent receivable	Rs. 1,14,000	Rs. 84,000	-
Local Taxes	Rs. 2,500	Rs. 2,500	5%
Vacancy period	3 months	1/2 month	-
Unrealized Rent	Rs. 9,500	Rs. 7,000	-
Unpaid interest on loan for Construction	Rs. 24,850	Rs. 12,000	Rs. 48,250

- 10 Mr. Raghuram has two identical house properties. One house "Matru Krupa" is self occupied whereas other house "Pitru Krupa" is let out for the rent of Rs. 6,000 per month. Rent of two months could not be realized. From the other details given below, find out his taxable income from house properties for A.Y. 2021-22. 14

Particulars	Amount (Rs.)
Municipal value for both houses .....	1,30,000
Standard rent for both houses .....	1,25,000
Fair rent for both houses .....	1,40,000
Municipal Tax .....	12%
Insurance .....	1,000
Repairs .....	3,000
Interest on loan for construction for both houses ....	63,000