

Direct Taxation

12.10.22



(2 ½ Hours)

Total Marks : 75

N.B. : All Questions are compulsory, carrying 15 marks each

Q.1. (a)

(8 Marks)

Re-write the following sentences by selecting the appropriate option. (Any Eight out of ten)

(1) Remuneration received by a working partner of a firm, is taxed under the head, Income from _____

- Salaries Business or Profession Other Sources

(2) Mr Sunder paid Medical Insurance premium of Rs 55,000 for his dependent father (not a senior citizen). The amount deductible under section 80 D will be _____

- Rs 35,000 Rs 25,000 Rs 50,000

(3) Reliance Industries Ltd. Is assessed to tax, as a _____

- Company Artificial Juridical Person Association of Persons

(4) A new business was set up on 01-11-2021. Its first previous year will end on _____

- 31st March, 2022 31st December, 2021 31st October, 2022

(5) Receipts from Statutory Provident Fund received by a non-government employee is _____

- Fully Taxable Partly exempt Fully Exempt

(6) Income earned outside India but received in India, is taxable in the case of _____

- Residents Only Non-Residents Only All the assesseees

(7) Shares of Indian Company held for 16 months are treated as _____

- Long-Term Capital Asset
- Short-Term Capital Asset
- Not a Capital Asset

(8) Gift received from a customer is _____

- Fully Taxable Partly Taxable Not Taxable

(9) Gift received from a brother is _____

- Fully Taxable Partly Taxable Not Taxable

(10) Sale of milk from animals kept on agricultural farm is _____

- Fully Taxable Partly Taxable Not Taxable

Q.1. (b)

(7 Marks)

Re-write the following statements and state whether they are True or False. (Any Seven out of ten)

- Medical Insurance premium paid by cash is not eligible for deduction under Section 80D
- Gift received from wife is taxable.
- Voluntary Retirement Compensation received by a retiring employee is exempt up to a maximum limit of Rs 10 Lacs.
- Electricity bills of employees residence paid by an employer is a taxable perquisite
- Donations paid is not allowed as a deduction from Business Income.
- Dividend from Foreign Companies is not taxable.
- Repairs to house property is not allowed as a deduction from Net Annual Value of a Let-out House property
- Interest paid on loan for construction of house property is allowed as a deduction from Net Annual Value of a Let-out House property only up to Rs. 3,00,000.
- Sale of scrap by a partnership firm is taxable under the head 'Profits and Gains of Business and Profession'.
- Cost of acquisition of a self created Goodwill is taken as 'Nil'.

Q.2.

(15 Marks)

Ms. Riya Shah is a proprietor of Excel Enterprises. From the following particulars for the previous year ended 31st March, 2022, compute her total income for Assessment Year 2022-23.

Profit & Loss Account		
Expenses	Amount(Rs) Income	Amount(Rs)
To Salaries	2,80,000 By Gross Profit	9,90,000
To Rent	1,50,000 By Bad Debts Recovered	8,000
	By Interest from Public Provident	
To Conveyance	65,000 Fund (PPF)	12,000
To Depreciation	78,000 By Gift from Father	60,000
	By Dividend from Indian	
To Welfare Expenses	42,000 Companies	25,000
To Office Expenses	20,000	
To Advertisement	35,000	



To Contribution to PPF	50,000	
To Life Insurance Premium	10,000	
To Net Profit	3,65,000	
Totals	10,95,000 Totals	10,95,000

Additional Information:

- Depreciation as per Income Tax Rules is Rs 80,000.
- Welfare Expenses include Loan to Domestic help Rs. 7,000.

Or

Q.2. (15 Marks)

Mr Reyansh Bhatia gives you following information for the previous year ended on 31st March, 2022, compute the total income for Assessment Year 2022-23.

Particulars	House A	House B
Status	Self-Occupied	Let-Out
Fair Rent	3,00,000	4,80,000
Municipal Valuation	3,60,000	4,40,000
Rent Received	NIL	5,40,000
Municipal Tax Paid	12,000	20,000
Repair Expenses	30,000	40,000
Rent Collection Charges		24,000
Interest on Housing Loan	2,50,000	2,90,000

Other Information:

- He earned Interest on Loan of Rs. 300,000. This loan as advanced out of borrowings on which he paid Interest of Rs 120,000.
- He suffers from physical disability to the extent of 80%
- He has paid Medical Insurance premium by cheque of Rs 30,000 for self and his family and Rs. 55,000 for his dependent parents, who are senior citizens.

Q.3.

(15 Marks)

Mrs Rita Joseph works as an officer in Bank of India. From the following particulars for the previous year ended 31st March, 2022, compute total Income for Assessment Year 2022-23.

Sr No	Particulars	Amount (Rs)
1	Basic Salary	5,00,000
2	Dearness Allowance	4,00,000
3	Bonus Received	1,50,000
4	Arrears of Salary	1,20,000
5	Conveyance Allowance (Amount spent on official conveyance Rs 25,000)	40,000
6	Re-reimbursement of Medical Expenses	18,000
7	Profession Tax Paid	2,500
8	Interest on Government Securities	1,30,000
9	Interest on Debentures of Tata Motors Ltd	60,000
10	Interest on Fixed Deposit with Bank	70,000
11	Interest paid on Loan taken for Education of her daughter at a Government College in a recognized course	1,35,000
12	Contribution to Provident Fund	60,000

Or

Q.3.

(15 Marks)

Mr Nair purchased a residential house on 16-10-1999 for Rs 5,00,000. The Fair Market Value of this house on 01-04-2001 is Rs 6,00,000.

The cost incurred by him for carrying out various improvements to this house are as under:

Financial Year	Cost in Rs.
2004-05	6,00,000
2016-17	3,00,000
2018-19	4,00,000



He sold this house on 31-12-2021 for Rs 80,80,000 and paid brokerage of Rs 80,000. He utilized the sale proceeds to purchase a new Residential House on 31-01-2022 at a cost of Rs 50,00,000

You are required to compute Income from Capital Gains for Assessment Year 2022-23. The relevant Cost Inflation Index (C.I.I.) values are as under:

Financial Year	Cost Inflation Index (C.I.I.)	Financial Year	Cost Inflation Index (C.I.I.)
2001-02	100	2012-13	200
2002-03	105	2013-14	220
2003-04	109	2014-15	240
2004-05	113	2015-16	254
2005-06	117	2016-17	264
2006-07	122	2017-18	272
2007-08	129	2018-19	280
2008-09	137	2019-20	289
2009-10	148	2020-21	301
2010-11	167	2021-22	317
2011-12	184	2022-23	331

Q.4.

(15 Marks)

Mr Javed Iqbal, an Indian citizen, went out of India for first time, for further studies to Singapore on 01/11/2021 and came back to India on 31/03/2022. Since then he is in India. Determine his residential status for Assessment Year 2022-23.

Or

Q.4.

(15 Marks)

Mr Sagar has earned following Incomes during the previous year ended on 31st March, 2022. Compute total income for Assessment Year 2022-23, assuming that he is, alternatively

- Resident and Ordinarily Resident
- Resident But Not Ordinarily Resident, or
- Non-Resident

Sr No	Particulars	Amount (Rs)
1	Income from agriculture in Sri Lanka	1,00,000
2	Rent received from house in Delhi	1,10,000
3	Salary earned and received from Indian Company	1,20,000
4	Profits from Business in Sri Lanka controlled from India.	1,30,000
5	Interest earned from bank accounts in India	1,40,000
6	Dividend on shares of Foreign Companies	1,50,000
7	Professional Fees received in Dubai, for services rendered in India	1,60,000
8	Past un-taxed income of 2020-21 now brought to India	1,70,000

Q.5.

(15 Marks)

- (a) Explain provisions of Section 80C and List any six items eligible for deduction under it.
- (b) What is 'Deemed to be Let Out House Property'? Explain provisions of calculation of income of 'Deemed to be Let out House Property'.

Or

Q.5.

(15 Marks)

Answer in brief, the following as per the provisions of Income Tax Laws (Any 3)

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- (a) Explain the term 'assessee'
- (b) Describe any five items of Incomes which are exempt under section 10
- (c) Explain the term 'Perquisites'
- (d) Family Pension.

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