

SYBAF - SEM - IV

Direct Tax

Medical Exam  
June - 2023



Total Marks: 75

Note:

1. All Questions are Compulsory carrying 15 Marks each with Internal Options
2. Q: 1(A) and Q: 1(B)
3. Q: 2(A) or Q: 2(B); Q: 3(A) or Q: 3(B); Q: 4(A) or Q: 4(B); Q: 5(A) or Q: 5(B)
4. All Sections referred to in this Paper are Sections of Income Tax Act, 1961.

Q1. A. Fill in the blanks: (Attempt any 8 out of 10)

1. Transfer is revocable if it contains provision for \_\_\_\_\_.
2. Interest to Partners cannot exceed \_\_\_\_\_%.
3. The Assessee is liable to pay Interest u/s \_\_\_\_\_ if he has not deposited sufficient tax before end of relevant previous year.
4. Loss can be carried forward and set off even if business in respect of which it has incurred has been \_\_\_\_\_.
5. Book Profit of a Firm is Rs. 6,10,000. During the year remuneration paid to Working Partner is Rs. 4,60,000. All conditions of Section 194 & 40(b) satisfied. Remuneration allowed as deduction is Rs. \_\_\_\_\_.
6. While clubbing income of a minor child in the hands of a parent, an exemption of upto Rs. \_\_\_\_\_ is available to such parent.
7. Entire amount of Tax Payable on \_\_\_\_\_ or \_\_\_\_\_ should be paid in the remaining installments of Advance Tax which are due or by 31<sup>st</sup> March of relevant Financial Year.
8. \_\_\_\_\_ is unethical & illegal.
9. For Clubbing Minor Child \_\_\_\_\_ adopted Child.
10. A Return can be Revised for \_\_\_\_\_ number of times.



**Q1. B.** State whether the following are True or False (Attempt any 7 out of 10)

1. Deduction u/s 80G shall be allowed as deduction while calculating TDS from Salary.
2. Rate of Interest u/s 234A is 1.5% per month.
3. Loss from Business/Profession can be carried forward even if Return of Income is not filed within the time limit specified u/s 139(1).
4. Loss from the head Capital Gains can be set off against Business Income.
5. Long term Capital Gains be set off against short term or long term Capital Gain.
6. Interest earned from debentures transferred by wife to her husband for inadequate consideration shall be taxable in the hands of the husband.
7. Sale with a condition of re-purchase is an example of irrevocable transfer.
8. Interest u/s 234B is calculated upto 31<sup>st</sup> March of the relevant Previous Year.
9. Interest u/s 234A is not levied if return is not furnished.
10. Both Central and State Government can enter into DTAA with any country outside India or specified territory outside India.

**Q2. A. (i)** M/s. ABC Ltd. an Indian Company, gives the following details to determine advance tax liability for the assessment year 2022-23.

Particulars	Amount (Rs.)
Total Income (Business and Other Sources)	9,80,000
Tax Liability	2,94,000
TDS on Above Income	67,000

**AND**



**Q2. A. (ii)** Explain Provision of Section 64(1)(iv) Asset transferred to spouse otherwise than for adequate consideration or in agreement to live apart.

**OR**

**Q2. B.** Profit and Loss account of XYZ & Co., a firm of X, Y and Z (which satisfied all conditions of Section 184 and 40(b)) for the year ending March 31, 2022 is as follows:

Particulars	Rs.	Particulars	Rs.
Opening Stock	19,25,000	Sales	2,18,75,000
Purchases	1,57,50,000	Closing Stock	21,00,000
Wages	21,00,000		
To Gross Profit	42,00,000		
Total	2,39,75,000	Total	2,39,75,000
Remuneration to Partners:		Gross Profit	42,00,000
X	13,12,500	Rent earned	3,50,000
Y	14,00,000	Interest on FD	87,500
Z	2,71,250		
Income Tax	1,40,000		
Interest to Partners @18%:			
X	84,000		
Y	21,000		
Z	1,26,000		
Municipal tax	17,500		
Interest on Loan	3,58,750		
Printing & Stationery	79,200		
General expenses	2,20,500		
Salaries & Bonus to Employees	2,90,300		



Depreciation	2,18,750		
Net Profit	97,750		
Total	46,37,500	Total	46,37,500

Other Information:

1. Salary & Bonus paid includes unpaid bonus of Rs. 1,10,000 which remained outstanding as on the due date of filing income tax return
2. Z is not a working partner.
3. The firm owns a house which is given on rent. Municipal taxes debited to P&L A/c above pertain to the same house property but were outstanding as on 31/3/22 and were paid on 5/6/22.
4. Depreciation as per IT rules is Rs. 1,65,000.

Find out the Taxable Income and Tax liability of the firm for the Assessment Year 2022-23. Tax liability of Firm @ 31.2% (Including Cess)

**Q3. A. (i)** Mr. A and Miss B were employed in an office. In 2020, they developed friendship and, as a result of this, Mr. A gifted a plot of land of the value of Rs. 30,000 to Miss B in July 2021. The friendship developed further and Mr. A made a cash gift of Rs. 1,00,000 to Miss B in October 2021 after they agreed to marry each other.

This gift was made with a view to enable Miss B to construct a house on afore said plot so that they could live in that house after marriage. The marriage took place on November 30, 2021 but the construction of the house was completed on 15<sup>th</sup> March 22, during the previous year. State giving reasons, whether the income from this house will be clubbed with the income of Mr. A or not.

**AND**





**Q3. A. (ii)** Under the following circumstances how will the share of Income be treated under the provision of Section 64. Explain your answer with Provisions of the Act.

1. Husband and wife both are partners in a firm engaged in a business. The share of income of husband and wife in the firm is Rs. 12,000 and Rs. 14,000 respectively. The other income of husband and wife (excluding the share from the firm) is Rs. 25,000 and Rs. 20,000 respectively.
2. Husband transferred Rs. 30,000 to his wife. She contributed the sum as capital contribution as a partner in a firm. During the previous year she received interest at the rate 18% p.a. on her capital contribution and  $\frac{1}{4}$ <sup>th</sup> share of profit Rs. 20,000 from the firm.

**OR**

**Q3. B. (i)** From the following information find out the amount of advance tax payable by Mr. Kapoor, aged 72 years, a Resident Individual during the P.Y. 2021-22. Assuming average tax rate @ 10% on Total Income.

Particulars	Amount (Rs.)
Business Income	6,00,000
Other Sources	2,80,000
Deduction u/s. chapter VI-A	1,20,000
Tax deducted at source	15,000

**AND**

**Q3. B. (ii)** Explain Return of Income and Due Dates of Filing of Return of Income.



**Q4. A.** Mr. Ramadurai has computed his net taxable income for the Assessment year 2022-23. On that basis, he informs you that his total tax payable for the Assessment Year 2022-23 is Rs. 60,000. As against this the TDS from his income is Rs. 20,000. He has paid advance tax of Rs. 30,000 as follows:

- Rs. 10,000 on 14.09.2021
- Rs. 10,000 on 14.12.2021
- Rs. 10,000 on 14.03.2022

Therefore, his net tax payable is Rs. 10,000. He has paid this net tax of Rs. 10,000 by way of Self Assessment tax on 31.08.2022. Also, he has filed his return of income on 31.08.2022. However, the due date for filing the return of income was 31.07.2022.

Calculate the Interest payable by Mr. Ramadurai u/s 234A, 234B and 234C.

**OR**

**Q4. B.** Mr. Manu submits the following information in relation to assessment year 2022-23.

Particulars	Amount (Rs.)
Income from Salary (after standard deduction)	10,00,000
Income from House Property:	
House Property A – Profit	2,10,000
House Property B – Loss	4,25,000
Income from Business:	
Loss from Business – I (Speculative)	1,26,000
Profit from Business – II (Specified u/s 35AD)	2,25,000
Loss from Business – III (Specified u/s 35AD)	3,10,000
Profit from Business – IV	4,25,000
Loss from Business – V	2,10,000
Income from Capital Gains:	





Short term Capital Gains	1,24,000
Long term Capital Gains	1,95,000
Income from other sources:	
Winnings from crossword puzzle	1,16,000

You are required to calculate his gross total income and also compute the amount of loss that can be carried forward.

**Q5. A. Answer in Brief:**

1. Explain Tax Planning and Tax Avoidance.
2. Explain TDS on Commission u/s 194H.

**OR**

**Q5. B. Short Notes (Attempt any 3 out of 5)**

1. TDS on Rent u/s 194I
2. Set off and carry forward of Capital Loss
3. Revised Return
4. Advance Tax Liability
5. Defective Return