

Exam. Code : 108506

Subject Code : 2614

B.Com. Semester-VI

BCG-604 : DIRECT TAX LAWS

Time Allowed—3 Hours]

[Maximum Marks—50

SECTION—A

Note :— Attempt any TEN parts. Each part carries 1 mark.

- I. (i) What is 'previous year' ?
- (ii) Who is an 'ordinary assessee' ?
- (iii) What is 'exempted income' ?
- (iv) What is 'gross total income' ?
- (v) What is 'statutory provident fund' ?
- (vi) What is 'annual value' of house property ?
- (vii) What is 'unrealised Rent' ?
- (viii) What is 'unabsorbed depreciation' ?
- (ix) What do you mean by 'long term capital assets' ?

(x) What do you mean by 'tax free securities' ?

(xi) What do you mean by 'unexplained investments' ?

(xii) What is 'sub-letting' ? 10×1=10

SECTION—B

Note :- Attempt any **TWO** questions. Each question carries **10** marks.

II. What do you understand by the term 'residence' of an assessee ? How would you determine the residential status of an individual ?

III. Explain in detail the various provisions given under the head 'profits and gains of business or profession' relating to the expenditure incurred in the field of 'scientific research'.

IV. Mr. Ram is working at Chandigarh. For the year ending 31-3-2014, he furnished the following particulars of his income :

(i) Basic pay – Rs. 12,500 p.m.

(ii) Dearness Allowance @ Rs. 4,000 p.m. (out of this Rs. 2,000 p.m. enters into pay for service benefits)

- (iii) Advance salary – Rs. 16,400
- (iv) Salary in lieu of leave – Rs. 12,500
- (v) Lunch Allowance – Rs. 2,000 p.m.
- (vi) Bonus – Rs. 15,000
- (vii) Employer's contribution to R.P.F. @ 15% of salary.
- (viii) Arrears of D.A. – Rs. 4,000
- (ix) Conveyance Allowance received during the year – Rs. 24,000 and he has incurred an expenditure of Rs. 18,000 during the year on conveyance.
- (x) House Rent Allowance @ 20% of salary. He pays rent of Rs. 2,500 p.m.
- (xi) Entertainment Allowance @ Rs. 500 p.m.

Compute his salary income.

- V. Mr. X, the owner of two houses occupies one for his own residence and the other he lets to a tenant at a monthly rent of Rs. 500. The municipal valuation of the house occupied is Rs. 2,600 and of the other is

Rs. 5,200. The municipal taxes of the two amounted to Rs. 600. The other expenses in respect of the two houses are as follows :

- (i) Insurance premium (For both houses) – Rs. 1,200
- (ii) Annual charge in respect of the house occupied – Rs. 300
- (iii) Ground rent for the house let – Rs. 100
- (iv) Repairs of the house occupied – Rs. 700
- (v) Interest on loan taken to repair the two houses – Rs. 400.

Mr. X also had income from other sources amounting to Rs. 20,000 during the year. Calculate Mr. X's income from house property and total income.

2×10=20

SECTION—C

Note :- Attempt any **TWO** questions. Each question carries **10** marks.

- VI. What are the different kinds of incomes specifically mentioned as chargeable to tax under the head 'Income from other sources' ?

VII. Distinguish between short term and long term capital gains.
Explain the various exemptions of capital gains u/s 54.

VIII. Mr. Shyam's Gross total income for the previous year 2013-14 was Rs. 5,00,000. He made the following donations by cheques :

- (a) Maharashtra Chief Minister's Earthquake Relief Fund
Rs. 10,000
- (b) National Foundation for Communal Harmony
Rs. 15,000
- (c) Rs. 10,000 to an Educational Institution of National
Eminence
- (d) Rs. 5,000 to National Children's Fund
- (e) To Municipal Corporation for the Promotion of Family
Planning – Rs. 40,000
- (f) To Minority Community Corporation (Notified)
Rs. 25,000

Compute his taxable income for the Assessment Year 2014-15.

IX. From the following particulars, compute the total income and tax payable of Mr. Vikas, a Central Govt. employee working at Chandigarh :

- (1) (a) Salary @ Rs. 20,000 p.m.
 - (b) Travelling Allowance Bill – Rs. 5,000 p.a., Actual expenditure – Rs. 6,000 p.a.
 - (c) His contribution to Statutory Provident Fund – Rs. 1,700 p.m.
 - (d) Employer's contribution to Statutory Provident Fund @ 10% of salary.
 - (e) Interest on accumulated balance of Statutory Provident Fund @ 13% – Rs. 12,000
 - (f) Entertainment allowance @ Rs. 1,000 p.m.
- (2) He owns two houses, one of which is let out at a rent of Rs. 400 p.m. and other (whose annual value is Rs. 1,000) remained vacant throughout the year on account of his employment at Ambala where he has taken a house on rent. The two houses are subject to municipal taxes of Rs. 600 and Rs. 100 respectively.

- (3) During the year he sold shares of Hero Honda Ltd. and earned a short term capital gain of Rs. 50,000 (STT paid).
- (4) He earned Rs. 11,500 as interest from the govt. securities and Bank interest on fixed deposits Rs. 11,000 and on savings account Rs. 10,600.

He pays Life Insurance premium of Rs. 25,000 on his life policy of Rs. 4,00,000. He deposited Rs. 10,000 in home deposit account.

$$2 \times 10 = 20$$