

6/H-76 (xv) (a) (Syllabus-2019)

2 0 2 4

(May/June)

COMMERCE

(Honours)

(Direct and Indirect Taxes)

(BC-603)

(Under Revised Syllabus)

Marks : 75

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. (a) Enumerate any five items of income which are fully exempt from income tax. 5
- (b) State with reasons whether the following are agricultural incomes under the Income-tax Act, 1961 : 5
 - (i) Mr. R earns commission for selling agricultural produce of his tenants
 - (ii) Income derived from sale of wild grass

(2)

- (iii) Compensation received from an insurance company for damage of crop by flood
- (iv) Income from tea garden in Sri Lanka
- (v) Income from sale of jaggery
- (c) Write a note on TAN. 5
- Or
- (a) Explain the exceptions to the general rule that 'the income of previous year alone should be taxed in the immediately following assessment year'. 4
- (b) Distinguish between tax avoidance and tax evasion. 2
- (c) Mention eight specified financial transactions in which quoting of PAN is mandatory. 4
- (d) Mr. Z, a foreign national (not being a person of Indian origin) comes to India, for the first time on April 16, 2020. During his stay in India up to October 5, 2022, he stays at Delhi up to April 10, 2022 and thereafter remains in Chennai till his departure from India. Determine his residential status for the Assessment Year, 2023-24. 5

(3)

2. Mr. Aman, who is working as marketing manager of X Ltd., Pune (population 20 lakhs) has received the following salary and other payments from his employer for the period between 01.04.2022 and 31.03.2023 :

- (i) Salary—₹ 50,000 p.m.
- (ii) Dearness allowance—₹ 5,000 p.m.
- (iii) City compensatory allowance—
₹ 500 p.m.
- (iv) Entertainment allowance—
₹ 10,000 p.a.
- (v) Commission on sale achieved by him—
₹ 8,000
- (vi) Rent-free accommodation of building (furnished) for which employer pays a Municipal tax of ₹ 36,000 per annum and furniture value is ₹ 52,000
- (vii) Medical bill of ₹ 14,000 reimbursed by company
- (viii) He is provided with a car (having 1.8 litres cubic capacity engine) which is partly used for personal and partly for employment purposes. During the year company incurred ₹ 24,000 on maintenance of car. Normal deprecia-

tion on car is ₹ 30,000 and driver's salary is ₹ 12,000 p.m. It was agreed by the Assessing Officer that 40% of the car time is used for personal purposes

- (ix) As per the terms of agreement his professional tax of ₹ 2,500 was paid by his employer
- (x) During the year he travelled in connection with his job and was paid ₹ 16,000 as travelling allowance and ₹ 12,000 as daily allowance
- (xi) He and his employer contributed ₹ 8,000 p.m. to RPF
- (xii) During the year, he paid ₹ 9,000 as life insurance premium to insure the life of his major son on a policy of ₹ 80,000 (policy was taken on 15.06.2014). He had also made a term deposit of ₹ 30,000 in SBI for 5 years.

Compute taxable income of Mr. Aman for the Assessment Year, 2023-24 assuming that he has opted not to be taxed u/s 115BAC

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Or

- (a) State the rules under Income-tax Act for valuation of perquisite in respect of rent-free furnished accommodation. 5

- (b) Ms. Martina is the owner of a house property located in Kolkata. From the particulars given below, compute the income from house property for the Assessment Year, 2023-24 :

Municipal value—₹ 22,000

Fair rent—₹ 25,000

Standard rent—₹ 24,000

Actual rent—₹ 2,400 p.m.

Municipal taxes levied—₹ 2,400

Municipal taxes paid during the year—50% of tax levied

Expenses on repairs—₹ 3,000

Insurance premium—₹ 600

Ms. Martina had borrowed a sum of ₹ 1,00,000 @ 8% p.a. on 01.10.2019 and the construction of the property was completed on 31.12.2021.

Show your notes and calculations whenever necessary. 10

3. (a) Following is the Profit & Loss A/c of Mr. Somany for the year ended 31.03.2023 :

Profit & Loss A/c

	₹		₹
General Expenses	13,400	Gross Profit	14,15,500
Bad Debts	22,000	Commission	8,600
Advance Tax	2,000	Brokerage	37,000
Insurance	600	Sundry Receipts	2,500
Salary to Staff	26,000	Bad Debts Recovered	
Salary to Somany	51,000	(earlier allowed as	
Interest on Overdraft	4,000	deduction)	11,000
Interest on Loan		Interest on	
from Mrs. Somany	42,000	Debentures (i.e., net	
Interest on Capital		amount ₹ 22,500+	
of Somany	23,000	tax deducted at	
Depreciation	48,000	source ₹ 2,500)	25,000
Advertisement		Interest on Deposit	
Expenditure	7,000	with a company	
Contribution to		(non-trade) (net	
Employee's RPF	13,000	interest ₹ 11,700+	
Net Profit	12,60,600	tax deducted at	
		source ₹ 1,300)	13,000
	<u>15,12,600</u>		<u>15,12,600</u>

Other Information :

- (i) The amount of depreciation allowable is ₹ 37,300 as per the Income-tax Rules. It includes depreciation on permanent sign-board

- (ii) Advertisement expenditure includes ₹ 3,000 being cost of permanent signboard fixed on office premises
- (iii) Income of ₹ 4,500 accrued during the previous year is not recorded in the Profit & Loss A/c
- (iv) Mr. Somany pays ₹ 6,000 as premium on own life insurance policy of ₹ 70,000
- (v) General expenses include ₹ 500 given to Mrs. Somany for arranging a party in honour of a friend who has recently come from Canada and ₹ 1,000 being contribution to a political party
- (vi) Loan taken from Mrs. Somany was for payment of arrears of income tax

Compute business income of Mr. Somany for the Assessment Year, 2023-24.

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- (b) Briefly explain 'transfer of capital asset'. 3

Or

- (a) Define deemed profit. 5

- (b) Mr. Pandale, a resident individual, submits the following particulars of income for the previous year ending 31.03.2023 :

	₹
Dividend from REC International Ltd.	4,800
Dividend declared on 16.05.2022 by Sundaram Finance Ltd.	2,700
Interest paid on capital borrowed for the purpose of investment in shares of Sundaram Finance Ltd.	4,200
Dividend from C Ltd., a foreign company	12,000
Collection charges in respect of dividend	50
Winnings from lottery : net amount	70,000
Tax deducted at source	30,000
Winnings from card games	23,500
Interest on securities issued by the Govt. of Singapore	20,570

During the year, the received the following gifts :

	₹
Gift from a friend on 10.12.2022	20,000
Gift from his brother on 10.12.2022	21,000
Gift from his grandfather on 10.12.2022	51,000
Gift from elder brother of grandfather on 10.12.2022	21,000

Determine the income chargeable under the head 'income from other sources' for the Assessment Year, 2023-24. 10

4. (a) Give the meaning of tax relief under Income-tax Act. Mention the procedure for calculating Relief under Section 89(1) when arrear of salary is received. 5
- (b) Discuss the deductions allowable under Section 80C to 80CCC. 6
- (c) Write a note on deduction in respect of contribution to National Pension System. 4

Or

- (a) The income of Mr. A a resident individual, for the previous year, 2022-23, is as under :

	₹
Income from house property (let out) (computed)	93,000
Income from interest on loan	45,000
Long-term capital gains	1,40,000

He had deposited ₹ 8,000 in PPF Account and paid ₹ 9,000 against an annuity plan of LIC.

Compute his tax liability as per New Tax Regime. 10

- (b) What is meant by Tax Rebate under Section 87A? Who can claim this rebate? Mention the provisions of Income-tax Act, relating to Tax Rebate. 5
5. (a) State the functions of GST Council. 5
- (b) Explain the essential characteristics of supply under GST Act. 5
- (c) Write a note on the exemptions to financial service under GST Act. 5

Or

- (a) State with reason, whether the following suppliers of taxable goods are required to register under the GST Law :

$$2\frac{1}{2} + 2\frac{1}{2} = 5$$

- (i) Z is engaged in wholesale-cum-retail trading of medicines in the State of Meghalaya. His aggregate turnover during the financial year, 2022-23 is ₹ 9,00,000 which consists of ₹ 8,00,000 as intrastate supply and ₹ 1,00,000 as inter-state supply.

- (ii) A of Rajasthan is engaged in trading of taxable goods on his own account. Besides, he also acts as an agent of E of Delhi. His turnover in the financial year, 2022-23 is of ₹ 12,00,000 on his own account and ₹ 9,00,000 on behalf of principal (both from intra-state supply).
- (b) Explain the purpose of E-way bill under GST Act. 5
- (c) When can the credit note be issued by supplier of goods or services under GST Act? Also state the benefits of a credit note. 5
