



# CBCS SCHEME

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20MBAFM304

## Third Semester MBA Degree Examination, June/July 2024 Direct Taxation

Time: 3 hrs.

Max. Marks:100

**Note: 1. Answer any FOUR full questions from Q.No.1 to Q.No.7.  
2. Question No. 8 is compulsory.**

- 1 a. Who is an Assessee as per Sec 2(7) of IT Act? (03 Marks)  
b. Mr. Chandan, a Canadian citizen but of Indian origin came to India on 1<sup>st</sup> Oct 2015 for the first time. His total stay in India was as follows:

Year ended	No. of Days
31 <sup>st</sup> March 2016	25
31 <sup>st</sup> March 2017	80
31 <sup>st</sup> March 2018	180
31 <sup>st</sup> March 2019	100
31 <sup>st</sup> March 2020	25

- He informs that he was in India from 1<sup>st</sup> April 2020 to 28<sup>th</sup> June 2020 both days inclusive. Determine his residential status under the income tax act for the AY 2021-22. (07 Marks)
- c. Mr. Manoj has earned the following income during the previous year ended 31<sup>st</sup> March 2021.
- (i) Professional fees received in India for 3 months = Rs.18000
  - (ii) Payment received in UK for services rendered in India = Rs.16,000
  - (iii) Income from business in Australia controlled from India = Rs.14,000
  - (iv) Income from agriculture in Bangladesh = Rs.12,000
  - (v) Dividend from a foreign company received in UK = Rs.10,000
  - (vi) Amount brought into India out of the past untaxed profits earned in USA = Rs.18000.
- Compute his total income assuming: (i) He is resident or ordinary resident (ii) Non resident (10 Marks)

- 2 a. Define the term "previous year" as per Income Tax Act, 1961. (03 Marks)  
b. What do you understand by 'Provident Fund'? Explain the different types of Provident Fund. (07 Marks)  
c. Explain in brief, the set off and carry forward of losses. (10 Marks)

- 3 a. What do you mean by block of assets? (03 Marks)  
b. Mr. Harish (Resident) is employed, at a salary of Rs.18200 per month. He is also getting DA of Rs.14800 per month. He receives Rs.1,80,000 as bonus. On 30/8/2020 he retired from his services. He has service of 29 years and 5 months. He received Rs.14,00,000 as gratuity under the payment of Gratuity Act. Compute his taxable gratuity for the AY 21-22. (07 Marks)  
c. Following are the particulars of salary Mr. John.
- (i) Basic salary Rs.35000 per month
  - (ii) Dearness allowance – 50% of basic salary
  - (iii) Entertainment allowance Rs.10,000 per month (actual expenses Rs.8900 per month)
  - (iv) Rent free furnished house is provided, which is owned by the company and its fair rental value Rs.12000 per month, furniture costing Rs.2,50,000 is also provided.

(v) Services of the following servant (paid by the company) are provided:

Watchman Rs.1000 p/m

Gardner Rs.750 p/m

Sweeper Rs.800 p/m

Cook Rs.600 p/m

(vi) The company also provided free supply of gas, electricity and water worth of Rs.18,000 p.a.

(vii) The company provided one large car (more than 1.6 cc) with Chauffeur for both personal and official purpose and all expenses met by the company.

(viii) He paid employment tax Rs.500 per month. He works as MD of Royal Airways Ltd. Mumbai.

Compute his net salary income for the Assessment Year 21-22. (10 Marks)

- 4 a. What is MAT? (03 Marks)  
 b. Write short notes on: (i) Tax planning (ii) Tax avoidance (iii) Tax Evasion (07 Marks)  
 c. Briefly explain the provisions U/S 80C to 80U. (10 Marks)

- 5 a. Define Perquisites. (03 Marks)  
 b. Mr. Prashanth is employed in a private company for Rs.70,000 pm, Rs.6000 pm as dearness pay and Rs.10000 per annum as commission during the previous year. He received Rs.15,000 pm as HRA. He paid Rs.10,000 as rent. Compute taxable HRA. (07 Marks)  
 c. Mr. Shahil aged 55 years sold his land on 04/09/2020 for Rs.37,57,500. This land was purchased by him on April 2001 for Rs.8,50,000 (cost of indexation on the date of sale is 301). On the date of sale, he was owning a residential house. Out of the sale proceeds of this land, Mr. Shahil purchased another residential house for Rs.20,75,000. Compute the long term capital gains chargeable to tax in this transaction. (10 Marks)

- 6 a. Explain term "the relative" as per IT Act 1961. (03 Marks)  
 b. Write a short note on Income from House Property. (07 Marks)  
 c. Miss Vidhya aged 48 years in her capacity as individual has disclosed a net profit of Rs.52,50,000 for the financial year ending 31/3/21. She has also received the following incomes which are not credited to P & L Account.

Sl. No.	Particulars	Amount (Rs.)
1.	Income from DEPB license i.e Duty entitlement pass book license.	5,00,000
2.	Duty draw back received on export of goods	2,20,000
3.	Interest on capital from partnership firm	2,65,000
4.	Share of profit from partnership firm	24,50,000
5.	Amount received from LIC of India under key man insurance policy	2,00,000
6.	Compensation received for not carrying business as architecture profession.	7,00,000

Compute the income taxable under the head "Income for profit and gains of business or profession" for the AY 2021-22. (10 Marks)

- 7 a. Who is a slump sale? (03 Marks)  
 b. Mr. A aged 42 years who is a person of Indian Origin came on a visit to India on 01/06/2020. He left India on 10/11/2020 after a stay of 163 days. Prior to 01/04/2020, he was in India for over 365 days during the preceding four previous years 2016-17 to 2019-20. He submits his return of income for the AY 2021-22 in the status of Non Resident. Is he justified? Give reasons. (07 Marks)

- c. Ms. Amrutha furnishes the following details about her income from the financial year 2020-21.

Particulars	Amount (Rs.)
Income from salary (after standard deduction)	28,000
Net annual value of house property	90,000
Income from non speculation business	70,000
Income from speculation business	12,000
Long term capital gain on sale of land	25,800
Loss on maintenance of Race Horses	9,000
Loss on gambling	8,000
Current year depreciation	8,000
Unabsorbed depreciation	9,000
Loss from speculation business	16,000
Short term capital loss	7,800

Compute the total income of Ms. Amrutha for the AY 2021-22.

(10 Marks)

- 8 Dr. Bhardwaj aged 50 years who is a surgeon has filed his receipt and payment account for the year ending 31/3/2021 as under:

Receipts	Rs.	Payments	Rs.
To, Balance c/d	1,80,000	By, Rent paid for clinic	84,000
To, Consulting fees	8,60,000	By, Salary to staff	1,44,000
To, Visiting fees to other hospitals	1,20,000	By, Purchase of medicine	80,000
To, Gifts from patients	60,000	By, Gift to his brother on his marriage	1,00,000
To, Interest received from fixed deposits	3,20,000	By, Payment of life insurance premia policy	1,20,000
To, Dividend from Indian companies	60,000	By, Electricity charges	60,000
To, Sale of medicine	1,50,000	By, Misc. expenses related to his profession	20,000
		By, balance c/d	11,42,000
	17,50,000		17,50,000

The following additional information are provided:

- Depreciation on surgical instruments is 20%.
- LIC premia paid is eligible for deduction U/S 80C of the IT Act 1961.
- The travelling expenses incurred for visiting other hospital of Rs.24000 is not included in the receipt and payment account.
- Closing stock of medicine Rs.40,000.

Calculate the gross total income and taxable income of Dr. Bhardwaj for the AY 21-22.

(20 Marks)

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