

Roll No.

BBA-504(O)

B. B. A. (Fifth Semester)
EXAMINATION, Dec., 2013

(Old Course)

Paper Fourth

DIRECT TAXES

Time : Three Hours]

[Maximum Marks : 75

[Minimum Pass Marks : 26

Note : Attempt all the five questions. All questions carry equal marks.

1. "Income tax is charged on income but there is no definition of the term 'income' under the Income Tax Act, 1961." Elucidate this statement, define the term 'income' and distinguish between the terms 'Gross Total Income' and 'Total Income'.

Or

For the assessment year 2013-14, compute income from house property on the basis of the following information :

	₹
Municipal value of the house	40,000
Municipal taxes paid	8,000

P. T. O.

House was self-occupied. It contains two units. But one unit of the house was let out @ ₹1,500 p. m. from 1-10-2012. In respect of the house the following expenses were incurred :

(i) Fire Insurance Premium	₹ 800
(ii) Ground Rent	1,000
(iii) Land Revenue	1,200

A loan of ₹40,000 was taken on April 1, 2008 @ 15% p. a. for the construction of this house. The house was completed on 31-5-2010 and only half the loan was refunded on 31-3-2012.

2. What do you mean by exempted incomes ? Give any ten exempted incomes.

Or

The following particulars are of taxable income under the various heads of Shri Shashank Kumar for the previous year 2012-13 :

(i) Income from house property	₹ 18,000
(ii) Income from the following business :	35,000
(a) Profit from the Cloth business	16,000
(b) Loss from Sugar business	22,000
(c) Loss from Silver business	15,000
(d) Loss from Share speculation	70,000
(e) Profit from Specified business	60,000

(iii) Income from other sources
Loss from house property for the assessment year 2012-13 is brought forward ₹7,500.

Loss from specified business for the assessment year 2012-13 is brought forward ₹1,00,000.

Compute gross total income after setting off the losses. Is there any loss which can be carried forward ?

3. What are the various provident funds of which a salaried employee can become member ? Explain the provisions of Income Tax Act, 1961 in regard to provident funds.

Or

Mr. Manohar's investment during the year ended 31st March, 2013 consisted of the following :

(i) 7% Government Securities	₹ 25,000
(ii) 8% Agra Municipal Bonds	15,000
(iii) 9% Bombay Port Trust Bonds	20,000
(iv) 7-year Post Office National Savings Certificates	10,000
(v) 7% Govt. Bonds	18,000
(vi) 7% National Plan Certificates	5,000
(vii) 6% Securities of a Foreign Government	15,000

He paid ₹ 60 as commission for collecting the taxable interest on securities and ₹1,200 as interest on loan which he had taken for the purpose of purchasing the Bombay Port Trust Bonds. Find out his Income from Other Sources.

4. What are exempted capital gains ? Explain.

Or

What do you mean by income from other sources ? Give any ten incomes which are included in income from other sources.

P. T. O.

[4]

BBA-504(O)

Or

S, an owner of three houses, sells a residential house in Chennai for ₹ 22,00,000 on May 25, 2012. This house was purchased by him on April 1, 1987 for ₹ 3,00,000; on May 30, 2012, he purchased a flat in Mumbai for ₹ 8,70,000 for the purpose of the residence of his son-in-law. On March 1, 2013 S sells the house in Mumbai for ₹ 12,10,000.

Compute the capital gains arising on the two transactions. Is S eligible for exemption w/s 54 in respect of the second sale? (Cost Inflation Indices for the financial years 1987-88 and 2012-13 are 150 and 852).

5. Write short notes on any two of the following :

- (a) Wealth Tax Act, 1957
- (b) Annual value of House property
- (c) Perquisites
- (d) Depreciation
- (e) Set off and carry forward of losses

Or

The following particulars are of Mr. Rahul Scengur's income :

- (i) Salary (after deducting ₹ 48,000 for income tax at source) ₹ 3,60,000 p. a.
- (ii) Dearness allowance (Under the terms of employment) ₹ 42,000 p. a.
- (iii) Education allowance (for 3 children) ₹ 15,700 p. a.
- (iv) Medical allowance (actual medical expenditure ₹ 14,000) ₹ 37,200 p. a.

5-12

[5]

(v) Rent-free house (in Jaipur) the company paid ₹ 8,000 per month as rent. The house is furnished and the rent of the furniture is ₹ 25,000 p. a.

(vi) A domestic servant, a sweeper and a watchman were paid by the company @ ₹ 1,250 per month each.

(vii) The company spent ₹ 8,000 on his refresher course.

(viii) His contribution to R. P. F. ₹ 31,000 and employer's contribution ₹ 36,000.

(ix) The company has provided a free telephone at Mr. Manoj's residence and paid bill amounting to ₹ 8,000.

(x) Professional tax ₹ 7,000.

Compute taxable income from Salary for the assessment year 2013-14.

BBA-504(O)

400

8-12