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BBA-504

B. B. A (Semester-Fifth) Examination – 2011
Paper-IV
Direct Taxes

Time: Three Hours]

[Maximum Marks: 75

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

1. State clearly difference between assessment of the following types of assesses:-
- (i) A Resident (ii) A Not-Ordinarily Resident
(iii) A Non-Resident

Or

The following are the income of Mr. T.K. Mahapatra for the previous year 2010-11:

	₹
(i) Interest on England Development Bond (1/5 received in India)	50000
(ii) Income from agriculture in America, received there, but later on remitted to India	81,000
(iii) Income from property in Canada, received outside India	40,000
(iv) Income earned from business in Uganda, which is controlled from Delhi (₹5000 is received in India)	45,000
(v) Dividend paid by a domestic company and received outside India (Gross)	
(vi) Untaxed profit of 2007-08 brought to India in 2011-11	40,000
(vii) Profit from a business in Channai, which is controlled from London	10,000
(viii) Profit on sale of a building in India but received in Sri Lanka	2,00,000
	18 000

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From the above particulars ascertain the gross total income of Mr. T.K. Mahapatra for the previous year 2010-11, if he is: (i) a resident, (ii) a not ordinarily resident, and (iii) a non-resident

2. What are the various types of provident funds of which an assessee can become member? Explain the provisions of Income Tax Act, 1961 relating to them.

Or

Sri Rajeev furnished the following particulars of his income for the financial year 2011-11:

	₹
(a) Salary	15,000 p.m.
(b) Dearness Allowance	1,250 p.m.
(c) Entertainment Allowance	1,000 p.m.
(d) Employer's and employee's contribution to a recognized provident fund ₹ 24,000 each	
(e) Interest from provident fund @ 9.5% p.a.	19,000
(f) City Compensatory Allowance	200 p.m.
(g) Medical Allowance	10,000

(h) He has been provided with the facility of an unfurnished house by the employer in a town (population less than 10 lakh) for which the employer charges ₹ 500 p.m. The fair rent of the house is ₹ 30,000 per annum. The house is owned by the employer.

(i) The employer has employed for him a sweeper @ ₹ 200 p.m., and a servant @ ₹ 750 p.m. Compute the taxable income under the head salary for the assessment year 2011-12.

3. Define annual value of house property. How is it determined under Income Tax Act 1961? Explain the deductions allowed from annual value of house property. While determining taxable income from house property?

Or

A is the owner of a house property in Delhi. It has been let out for ₹ 90,000 p.a. The municipal tax payable by the owner comes to ₹ 10,000 but the landlord has taken an agreement from the tenant stating that the tenant would pay the tax direct to the municipality. The landlord, however, bears the following expenses on tenant's amenities under an agreement.

	₹
Water charges	1,000
Lift maintenance	1,000
Lighting of stairs	800
Gardener's salary	1,200
The landlord claims the following deductions:	
Repairs	30,000
Land Revenue	1,000
Collection charges	2,000
Legal expenses incurred in connection with the purchase of land on which the house is built	24,000

Compute the taxable income from house property for the A.Y. 2011-12.

4. Define Capital Gains. Explain the rules regarding exemption of capital gains.

Or

Mr. Mohan purchased 800 equity of ₹ 10 each for ₹ 60 per share on 1st Jan, 1989 and paid brokerage ₹ 1,000 and transfer fees ₹ 500. On 1st sept., 1991 the company issued

200 per share to him. On 1st October, 2010 he sold 200 bonus shares and 300 right shares @ ₹ 120 per share. On 1st January, 2011 he sold the total remaining holding @ ₹ 200. Compute his taxable capital gains for the assessment year 2011-12 if computation is based on :

(i) Index cost (ii) Original Cost of acquisition.

Also point out that which option is better?

Cost inflation indices are 1988-89—161;

1991-92—199; 2009-10—632; 2010-11—711

He has not paid securities transaction tax.

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

- (i) Depreciation
- (ii) Perquisites
- (iii) Exempted Incomes
- (iv) Income from Business
- (v) Income from other sources

Or

Shri Jain had the following investment for the year ending on 31 March, 2011:

- (i) 8% Tax-free Govt. of India loan ₹ 15,000
- (ii) 9.5% Secured debentures of a cotton mills ₹10,000;
- (iii) 12% Tax-free secured debentures of Raymond Woollen Mills Ltd. listed in Delhi Stock Exchange ₹ 10,000
- (iv) 11% Debentures of Reliance Textile Industry ₹ 8,000

He took a loan ₹ 15,000 @ 7% p.a. rate of interest to purchase debentures. Collection charges spent to collect the taxable interest this year amounted to ₹ 30. The interest is due on 1st January and 1st July on the securities.

Compute taxable income of the head 'Income from Other Sources' for the assessment year 2011-12.