



Institute of Management
JK Lakshmipat University, Jaipur
END TERM EXAMINATION -2018

BBA (V sem.) Direct Tax Laws and Practice
Subject Code: AC 07
MM: 40 Marks

Time: 2 Hours

Instructions: All questions are compulsory.

1. X submits the following particulars:

	Previous years	
	2018-19 Rs.	2019-20 Rs.
Business profit (Before depreciation)	4,00,000	9,30,000
Current Depreciation	6,00,000	8,90,000
Income from property (Computed)	86,000	10,000
Income from salary	15,00,000	22,00,000
Income from other sources	10,000	25,000

Determine the net income of X for the A.Y. 2019-20 and 2020-21.

(8 Marks)

2. X (age, 32 years), a residential individual, furnishes the following particulars for the A.Y. 2018-19:

Profit & Loss A/C for the year ending March 31, 2018

Office expenses	2,84,000	Gross Profit	31,42,500
Salary to staff	8,20,000	Sundry Receipts	52,000
Depreciation	85,000		
Travelling exp. for business	44,000		
Loss of cash by an employee through embezzlement	1,000		
Transfer to special reserve	2,000		
Expenditure on festival	2,400		
Interest and legal expenses	12,000		
Sundry expenses	2100		
Deposits under Tatkal			
Telephone Scheme	6,000		
Net Profit	19,36,000		
	<u>31,94,500</u>		<u>31,94,500</u>

P.T.O.

Other information:

- a. Salary to staff includes payment of Rs. 46,000 for household expenses.
- b. Depreciation was charged in excess by the amount of 34,987 Rs.
- c. Amount debited as expenditure on festival is cost of a gift presented to a relative.
- d. Legal expenses include cash payment of Rs. 8,000 to an advocate (who is not an employee of X) for giving income tax advice.
- e. Sundry expenses include expenditure of Rs. 2,000 on the maintenance of office.
- f. sundry receipts include Rs. 40,000 being amount of loan.

Determine the taxable income and tax liability of X for the A.Y. 2018-19, assuming that contribution to public provident fund was made 1,20,000 Rs. **(8 Marks)**

3. Determine the tax liability for the below cases:

- a. Rajiv, maintains books of accounts on the basis of financial year, holds the following securities on April 1, 2017:

Rs. 4,30,000 7% MP government Debt securities (date of payment of interest: July 15 every year).

Rs. 3,80,000 11% debentures (non listed) of ABC Ltd. (date of payment of interest: June 30 every year).

Apart from the aforesaid securities, Rajiv invests in UP Government loan, Central Government Securities and Listed debentures of PQR Ltd. and receives on December 1, 2017, Rs. 36,000, Rs. 90,000 and Rs. 1,20,000 respectively as interest. His business income is Rs. 24,32,000. He pays Rs. 6,000 as commission to his bank for collecting interest on securities. On November 1, 2017 he gets a painting by way of gift from A, who is a friend of his grandfather. Market value of painting is Rs. 45,000. Determine the taxable income of Rajiv for the A.Y. 2018-19. **(4 Marks)**

- b. X (42 years) submits the following information for the previous year ending March 31, 2018:

1. On October 11, 2017 he gets a commercial property by way of gift from his friend Y. Stamp duty value is 21,50,000.
2. On October 15, 2017 X purchases a residential house from Z for Rs. 8,00,000 (stamp value is Rs. 14,00,000).
3. On November 1, 2017 X gets a plot by way of gift from A who is friend of his grandfather. Stamp duty value is Rs. 45,000.
4. On September 1, 2017, X get a gift of residential plot from his friend B without any consideration. Stamp duty valuation is Rs. 14 Lack.
5. On December 1, 2017, X get a gift of commercial space in a mall from C who is father of Mrs. X. Stamp duty value is Rs. 12 Lack.

Income of X from other sources is bank FD interest of Rs. 6,90,000 and post office saving bank interest of Rs. 18,500. X does not have any other income. However, he is entitled to claim Rs. 40,000 as deduction u/s 80CCC.

You are required to determine the taxable income of X for the A.Y. 2018-19. **(4 Marks)**

4. Mrs. X purchases a house property on September 1, 1989 for Rs. 40,50,000. Fair market value of the property is Rs. 42,00,000 on April 1, 2001. He incurs the following expenses:

- | | |
|--|--------------|
| a. Construction of a room on the ground floor during 1990-91 | 3,00,000 Rs. |
| b. Reconstruction in 2003-04 | 6,00,000 Rs. |

The property is transferred on March 31, 2018 for Rs. 5,10,00,000. Apart from this, She has a brought forward short term capital loss of Rs. 2,00,00,000 pertaining to A.Y. 2016-17. Find out the amount of long term capital gain for the A.Y. 2018-19. Indexed cost for the year 2003-04 is 109. **(8 Marks)**

5. Write Short note on any two:

(2*4 Marks)

- Tax Deducted at Source (TDS)
- Advance Payment of Tax
- Income from Capital Gain
- Search, Seizure and Assessment Provision of Income Tax Act, 1961