



# JK Lakshmipat University. Jaipur

## Institute of Management

END TERM EXAMINATION, November, 2017

BBA Sem V

MM: 50 Marks

Course: Direct Tax Laws & Practice

Subject Code: BBA 509

Time: 3 Hours

Attempt any three questions from Section A. Section B is compulsory and carries 20 marks.  
All questions and their sub-parts carry equal marks.

### Section A

- Q1. "Death and Taxes are inevitable in life". Comment on this statement. What are the different types of Taxes? Give Examples.
- Q2. Discuss the five heads of income chargeable to tax. Show sample computations under each head.
- Q3. (i) Discuss the exemptions U/s 10 of the IT Act.  
(ii) Mr. Rajesh, who resides in Pune gets ₹ 12,00,000 per annum as basic salary and ₹ 8,40,000 per annum as dearness allowance. He receives ₹ 8,16,000 per annum as house rent allowance and pays ₹ 10,20,400 as house rent. Determine the amount of house rent allowance chargeable to tax for the assessment year 2017-18.
- Q4. (i) What is Pension? Discuss the features of New Pension Scheme (NPS).  
(ii) State the conditions for computing exemption in gratuity received.  
Mr. Hasmukh, who is a non-government employee, retires after serving for 26 years, 5 months and 29 day. He receives ₹ 12,00,000 as gratuity. His average monthly salary of 10 months immediately preceding month of retirement is ₹ 75,000. Compute his gratuity exempt from tax and that chargeable to tax in the following cases:  
(a) His Employer is covered under the Payment of Gratuity Act.  
(b) His Employer is Not covered under the Payment of Gratuity Act.
- Q5. (i) Discuss the various types of residential status, their determination and incidence of tax thereon.  
(ii) Mr. R is a foreign citizen. Determine his residential status for the assessment year 2017-18 on the assumption that during financial years 2002-03 to 2016-17, he was present in India as follows:

| Previous Year | Days     | Previous Year | Days     |
|---------------|----------|---------------|----------|
| 2016-2017     | 185 days | 2008-2009     | 300 days |
| 2015-2016     | 85 days  | 2007-2008     | 150 days |
| 2014-2015     | 275 days | 2006-2007     | 200 days |
| 2013-2014     | 75 days  | 2005-2006     | 180 days |
| 2012-2013     | 200 days | 2004-2005     | 20 days  |
| 2011-2012     | 90 days  | 2003-2004     | 40 days  |
| 2010-2011     | 150 days | 2002-2003     | 300 days |
| 2009-2010     | 30 days  |               |          |

(Continued...2)

### Section B

**Q6.** Mr. Jignesh is suffering with disability which is certified by medical authority. He is employed as Technical Supervisor with Airtel at a Basic Salary of ₹ 20,000 p.m. and Dearness Allowance of ₹ 10,000 p.m. He provides the following particulars about his income:

|                                         |            |
|-----------------------------------------|------------|
| • Income from Government securities     | ₹ 20,000   |
| • Dividend from Indian Company          | ₹ 8,500    |
| • Long-term Capital Gain                | ₹ 120,000  |
| • Short-term Capital Gain               | ₹ 1,00,000 |
| • Insurance commission (gross)          | ₹ 1,00,000 |
| • Interest on Saving Fund A/c from Bank | ₹ 15,000   |
| • Winnings from Lottery                 | ₹ 50,000   |

He has incurred the following expenses:

- (i) Medical insurance paid by cheque of ₹ 38,000 for his father, resident in India and of 70 years of age, suffering from low-vision with a severe disability of 80%,
- (ii) Rent paid for the year 2016-2017 for accommodation hired by him at ₹ 72,000.
- (iii) Donation to Prime Minister's National Relief Fund of ₹ 3,000.
- (iv) Donation to a Specified Charitable Trust recognized U/s 80G (50%) of ₹ 12,000.
- (v) Contribution to Public Provident Fund of ₹ 30,000.
- (vi) Contribution to New Pension Scheme (Tier 1) of ₹ 45,000.
- (vii) Contribution to LIC Pension Policy of ₹ 10,000.

Compute his Total Income for the Assessment Year 2017-2018 and the tax payable thereon.

Note: Wherever possible, state the Section of Income Tax Act applicable.

**BEST OF LUCK**