JK Lakshmipat University. Jaipur

Institute of Management

END TERM EXAMINATION, November, 2017

BCom(H) Sem III | **Course:** Direct Tax Laws & Practice
MM: 50 Marks | **Subject Code:** AC07 | **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:

(c) His Employer is covered under the Payment of Gratuity Act.

(d) 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