

**Roll No. ....**

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**Exam. Code :**

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**Bachelor of Commerce 6<sup>th</sup> Semester**

1059

## DIRECT TAX LAW

**Paper—BCM-601**

**Time Allowed : Three Hours]**

**[Maximum Marks : 80]**

**Note :—** Attempt **four** questions from Section-A and **two** questions each from Section-B and Section-C.

**SECTION—A (4×5)**

1. Discuss set-off of unabsorbed depreciation.
2. What are the consequences of late filing of return in case of individuals ?
3. Rajapati, a businessman, whose total income (before allowing deduction under section 80GG) for A.Y. 2018-19 is Rs. 4,60,000, paid house rent at Rs. 12,000 p.m. in respect of residential accommodation occupied by him at Mumbai. Compute the deduction allowable to him under section 80GG for A.Y. 2018-19.

4. The income of a family is as under :

(1) Mr. Ram from business	Rs. 5,50,000
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(2) Mrs. Ram from employment	Rs. 2.80,000
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- (3) Minor son of Mr. Ram  
(The amount for investment received  
from his grand father) Rs. 10,000
- (4) Minor son of Mr. Ram, Mr. Krishna  
(From acting in film) Rs. 1,60,000
- (5) Minor daughter of Mr. Ram,  
Miss Anjali Rs. 6,000

Compute taxable income of Mr. Ram and Mrs. Ram for  
A.Y. 2018-19.

5. Find out the amount of advance tax payable by Mr. A on  
specified dates under the Income Tax for the Previous Year  
2017-18 :

Business income	Rs. 2,75,000
Long term capital gain on 31-7-2017	Rs. 60,000
Winning from lotteries on 12-9-2017	Rs. 50,000
Bank interest	Rs. 10,000
Other income	Rs. 5,000
Investment in PPF	Rs. 40,000
Tax deducted at source	Rs. 25,000

6. Harsh, a resident, is due to receive Rs. 6.50 lakhs on 31-3-2019,  
towards maturity proceeds of LIC policy taken on 1-4-2014,  
for which the sum assured is Rs. 5.25 lakhs and the annual  
premium is Rs. 1,25,000. Examine the applicability of the  
provisions for tax deduction at source under section 194DA.

### SECTION—B (2×15)

7. Dr. Rattan Kumar is running a clinic in Delhi. His Income and Expenditure account for the financial year ended 31-3-2018 is given below :

Expenditure	Amount (Rs.)	Income	Amount (Rs.)
To Staff salary	4,30,000	By Fee receipts	12,63,600
To Consumables	14,750	By Dividend from	
To Medicine consumed	3,69,800	an Indian	
To Depreciation	91,000	Company	15,000
To Administrative expenses	1,51,000	By Winning from	
To Rent of clinic	20,000	lotteries (Net	
To Donation to Prime		of TDS)	28,000
Minister's National		By Income-tax	
Children's Fund	5,000	refund	2,750
To Excess of income over		By Honorarium for	
expenditure	2,51,800	lectures at	
		seminars	24,000
Total	13,33,350	Total	13,33,350

#### Other Information :

- (1) Depreciation in respect of all assets has been computed at Rs. 50,000 as per Income-tax Rules.
- (2) Medicines consumed include cost of medicine for self and family of Rs. 25,000 and for treating poor patients of Rs. 24,000 from whom he did not charge any fee either.



- (3) Salary includes Rs. 15,000 paid in cash to a computer specialist who computerized his patients' data in October, 2017.
- (4) Donation to Prime Minister's National Children's Fund has been made by way of a crossed cheque.
- (5) He has paid a sum of Rs. 25,000 for Life Insurance Policy (Sum assured Rs. 2,00,000) of himself, which was taken on 1-7-2012.
- (6) He has sold a land in August, 2017 for Rs. 12,00,000, the stamp duty value of which was Rs. 14,00,000 on that date. The land was acquired by him in May, 2001 for Rs. 4,00,000.
- (7) He has paid Rs. 4,000 for purchase of lottery tickets, which has not been debited to Income and Expenditure account.
- (8) He also contributed Rs. 1,20,000 towards Public Provident Fund.
- (9) Dr. Kumar also paid interest of Rs. 10,000 on loan taken for higher education of his daughter.

You are required to compute the total income and tax payable by Dr. Kumar for the Assessment Year 2018-19. Cost Inflation Index : F.Y. 2001-2002—100, F.Y. 2017-18—272.

8. Mr. Aditya furnishes the following details for the previous year 2017-18 :

Particulars	Amount (Rs.)
Loss from speculative business A	45,000
Income from speculative business B	15,000
Loss from specified business covered under section 35AD	20,000

Particulars	Amount (Rs.)
Income from salary	3,00,000
Loss from house property	2,50,000
Income from trading business	45,000
Long-term capital gain from sale of urban land	2,00,000
Long-term capital loss on sale of shares (STT not paid)	75,000
Long-term capital loss on sale of listed shares in recognized stock exchange (STT paid at the time of acquisition and sale of shares)	82,000

Following are the brought forward losses :

- (1) Losses from owning and maintaining of race horses pertaining to A.Y. 2016-17 Rs. 2,000.
- (2) Brought forward loss from trading business Rs. 5,000 relating to A.Y. 2013-14.

Show the items eligible for carry forward and compute the total income of Mr. Aditya.

9. Write a detailed note on set-off and carry forward of various losses.
10. Discuss income tax provisions related to rebate and relief with suitable examples.

### SECTION—C (2×15)

11. T and Q are individuals, who constitute an Association of Persons, sharing profit and losses in the ratio of 2 : 1. For the accounting year ended 31<sup>st</sup> March, 2018, the Profit and Loss Account of the business was as under :

Particulars	Rs. in '000	Particulars	Rs. in '000
	(Rs.)		(Rs.)
Cost of goods sold	6,250.00	Sales	9,900.00
Remuneration to :		Dividend from	
T	130.00	companies	25.00
Q	170.00	Long-term Capital	
Employees	256.00	Gains	1,640.00
Interest to :			
T	48.30		
Q	35.70		
Other expenses	111.70		
Sales-tax penalty due	39.00		
Net Profit	4,524.30		
	11,565.00		11,565.00

#### Additional information furnished :

- (i) Other expenses included :
  - (a) Entertainment expenses of Rs. 35,000.
  - (b) Wristwatches costing Rs. 2,500 each were given to 12 dealers, who had exceeded the sales quota prescribed under a sales promotion scheme;

- (c) Employer's contribution of Rs. 6,000 to the Provident Fund was paid on 14<sup>th</sup> January 2018.
- (d) Rs. 30,000 was paid in cash to an advertising agency for publicity.
- (ii) Outstanding sales tax penalty was paid on 15<sup>th</sup> April 2018. The penalty was imposed by the sales tax officer for non-filing of returns and statements by the due dates.
- (iii) T and Q had, for this year, income from other sources of Rs. 3,50,000 and Rs. 2,60,000, respectively.

**You are required to :**

- (i) Compute the total income of the AOP for the Previous Year 2017-2018.
  - (ii) Ascertain the tax liability of the Association for that year; and
  - (iii) Ascertain the tax liability for that year of the individual members. [Ignore Alternate Minimum Tax]
12. The following details have been supplied by the Karta, of an HUF aged 62 years. You are required to compute its total income and tax liability for the Assessment Year 2018-19 :

Particulars	Rs.
(i) Profits from business (after charging Rs. 1,00,000 salary to Karta for managing the business)	15,00,000
(ii) Salary received by the member of a family	60,000
(iii) Director's fee received by Karta from B Ltd. where HUF holds 20% shares but he became director because of his qualifications	40,000



Particulars	Rs.
(iv) Rental income from house property (after deduction of municipal taxes Rs. 12,000)	78,000
(v) Dividends (gross) from Indian companies	15,000
(vi) Long-term Capital Gain	80,000
(vii) Short-term Capital Gain	30,000
(viii) Donation to a school, which is an approved institution	1,00,000
(ix) Deposits in Public Provident Fund	20,000
(x) NSC-VIII issues purchased	40,000

13. Write a detailed note on various income tax authorities along with their duties and powers.
14. Discuss in detail income tax provisions related to appeals and revisions.