B.B.A. 3rd Semester

1125

DIRECT TAX LAWS
Paper-BBA-206

Time Allowed : Three Hours]   **[Maximum Marks : 80**

Note :– There are **three** Sections A, B and C. Attempt **four** questions
from Section A of 5 marks each. **Two** questions each from
Section B and Section C of 15 marks each.

SECTION–A

I.   What do you mean by Agriculture Income ? What are the procedures
for integration of agriculture income with non-agriculture
income ?   5

II.   Write a note on rates of depreciation applicable on Building,
Furniture, Plant and Machinery and Intangible Assets.   5

III.   Explain the rules relating to set off and carry forward of business
loss and speculation loss.   5

IV. The particulars of a residential house are given below for the assessment year 2015-16 :

	Rs.
Municipal Value	44,000
Fair Rent	50,000
Standard Rent	38,000
Actual Rent	40,500
Municipal Taxes Paid	5,500
Interest on Money borrowed for construction	4,500
Ground Rent Payable	250
Collection Charges Paid	500

The assessee mortgaged the property for Rs. 40,000 which was spent on his daughter's marriage. The assessee paid interest of Rs. 3,500. On the mortgage loan this year.

Compute his income from house property.   5

V. Mr. Raghav Sharma, who is not covered by Payment of Gratuity Act, 1972 receives a gratuity of Rs. 11,64,000 when he retires

on 23rd June, 2014 after a service of 34 years and 9 months. His last drawn emoluments are as follows :

Basic Salary	Rs. 75,000 per month
Dearness Allowance	Rs. 15,000 per month
Servant Allowance	Rs. 600 per month

Annual increment of basic salary Rs. 3,000 per month falls due on Ist January every year. Compute taxable amount of Gratuity for the assessment year 2015-16. 5

VI. Mr. Rhythm sold an agriculture land for Rs. 14,00,000 in August, 2014. It was purchased in August, 1981 for Rs. 1,20,000. In October, 2014 he purchased NHAI bonds redeemable after three years for Rs. 1,50,000; Equity shares for Rs. 1,00,000 and a residential house in Amritsar for Rs. 3,50,000.

Compute taxable capital gain of Mr. Rhythm. 5

SECTION–B

VII. Mr. Sandeep Rampal is an employee of a private college in Mumbai. He is in the grade of Rs. 4,500-200-7,500 since Ist January, 2013. He gets Rs. 6,000 per month as dearness allowance and CCA Rs. 500 per month. He has been provided with a furnished accommodation by the college; the college is not the owner of the house. The rental value of the house is Rs. 5,000 per month and

furniture costing Rs. 32,000 has also been provided by the college. He has been given a small car which in addition to the college work, is used by him for his private purpose also. The driver's remuneration and all the expenses relating to use of the car are borne by the college.

He has been provided by the college the facility of gardener, a watchman and a servant who are paid by the college@ Rs. 250 per month, Rs. 1,500 per month and Rs. 600 per month respectively, He contributes 10% of his pay to the RPF towards which the college contributes @14%,

Assuming that the salary becomes due on the Ist day of the month, determine his taxable salary for the assessment year 2015-16.

VIII. Mr. Sanyam Dutta is the owner of two houses. He has furnished the following particulars for the financial year 2014-15.

First House : It's municipal valuation is Rs. 40,000 is used by Sanyam for his own residence. He paid Rs. 500 Fire Insurance Premium and Rs. 5,000 as Municipal Tax. He also paid interest on loan of Rs. 22,000. The loan was taken to repay another loan taken for construction of this house.

Second House : It's municipal valuation is Rs. 24,000 and standard rent is Rs. 30,000. It has been let out at @ Rs. 3,500 per month. He has made the following payments :

	Rs.
Municipal Tax	5,500
Repairs	2,500
Land Revenue	800
Legal Expenses incurred to get house vacated	1,000
Annual Charge	3,000

The house remained vacant for 2 months. Rs. 9,000 could not be recovered from the defaulting tenant. The tenant has vacated the house.

Compute his taxable income from house property for the assessment year 2015-16.

IX. How will you determine the residential status of an assessee ?

X. What do you mean by Agriculture Income ? How is it assessed under Income Tax Act ?   2×15=30

SECTION–C

XI. Dr. Harish is a practising Chartered Accountant. He maintains his accounts on cash basis. Following is the Receipt and Payment Account for the year ended 31st March, 2015 :

Receipts	Amount Rs.	Payment	Amount Rs.
Balance b/d	9,300	Office Rent	2,400
Audit Fees	64,700	Salary of Audit Clerk	24,800
Income from Accounting work	56,800	Allowance of article clerk	1,800
Fees for conducting Income		Salaries	32,400
Tax appeal	8,100	Municipal Tax	400
Examiner Fees from University	600	Personal Expenses	53,500
Dividend	7,840	Membership Fees	1,100
Rent from property	4,000	Life Insurance Premium	4,000
		Motor Car Purchased	9,000
		Motor Car Expenses	600
		Insurance of House	
		Property	300
		Balance c/d	21,040
	1,51,340		1,51,340

Having regard to the fact that one-third of motor car expenses is in respect of his professional practice.

Compute professional income of Dr. Harish. Assuming rate of depreciation on car@15%.

XII. Sh. Raj Kumar Rampal provides you the following particulars of his investment as on Ist April, 2014 :

(a) Rs. 20,000, 10% UP Govt. Loan;

(b) Rs. 12,000, 10% Improvement Trust Debentures

(c) Rs. 7,500, 10% Debeutures of a Jute Company;

(d) Rs. 1,000 interest on debentures of a co-operative society.

On Ist October, 2014, he sold his Improvement Trust Debentures for Rs. 11,625 and purchased Rs. 20,000. 12% Port Trust Bonds for which he took a loan of Rs. 10,000@15% per annum. The bank commission for buying and selling securities was 1% on face value and for collecting interest Rs. 20.

Interest on above securities is payable on Ist January and Ist July. Find out his income from other sources for the assessment year 2015-16.

XIII. What are the deductions available from Gross Total Income for certain payments ?

XIV. Write a note on Clubbing of Incomes.   2×15=30