

(i) Printed Pages : 7

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(ii) Questions : 9

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Exam. Code :

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Bachelor of Commerce 6th Semester

(2054)

DIRECT TAX LAW

Paper : BCM-601

Time Allowed : Three Hours]

[Maximum Marks : 80

Note :— Student is required to attempt **FOUR** questions from Section A and **TWO** questions each from Section B and Section C.

SECTION-A

1. (a) Mr. K, a manager of a HUF was admitted to partnership to represent family. Under the terms of partnership deed Mr. K was entitled to the salary of Rs. 1,000 p.m. for rendering service to the firm. Decide whether salary received by Mr. K is his individual income or the income of H.U.F.

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(b) Mr. Raj got medical insurance of all family members and paid premium in previous year 2022-23 as under :

- (1) Medical insurance of self paid by cheque Rs. 10,000
- (2) Mediclaim premium of wife paid in cash Rs. 5,000
- (3) Medical Insurance premium of 16 year old son paid by cheque to a private insurance company approved by IRDA- Rs. 3,000

- (4) Medici claim premium paid on medical insurance of his father and mother- Rs. 22,000
- (5) Medici claim premium on the policy of dependent younger brother- Rs. 4,000
- (6) Preventive medical check up of wife- Rs. 4,000
- Calculate amount of deduction u/s 80D. 5
- (c) Dr. V.P. Sharma whose age is 69 years. Compute his tax liability for AY 2023-24 :
- (1) Pension from Govt.- Rs. 2,47,500
- (2) Salary from Private Sector Company- Rs. 6,50,000
- (3) Long term Capital Gain- Rs. 36,500
- (4) Interest on FD with bank- Rs. 72,600
- (5) Deposited Rs. 10,000 in MEP (an equity linked savings scheme) and Rs. 10,000 in NSS 1992. 5
- (d) What is the procedure for claim of rebate u/s 86 ? 5
- (e) What are Bond washing transactions ? 5
- (f) XYZ is a firm consisting of three partners X, Y, Z. X and Y are partners in their capacity as Karta of their respective Hindu Undivided Families. Mrs. X had invested Rs. 20,000 out of her own money in the firm. For the previous year 22-23, the assessing officer wants to disallow interest of Rs. 3,600 paid by the firm to Mrs. X on the ground that Mrs. X, being the member of X's HUF (which is represented by X in the firm) is a partner in the firm and as a consequence interest paid to her is disallowable u/s 40(b). Is he legally justified ? 5

SECTION-B

2. Write a detailed note on Aggregation of Income. 15
3. What is Double Taxation Relief? Explain the provisions relating to Double Taxation Relief. 15
4. From the particulars given below :
 - (i) Compute the total income and tax payable (ignore Section 115BAC) by Mr. Deb, a Central Govt. employee working at Chandigarh :
 - (a) Salary - Rs. 25,000 p.m.
 - (b) DA @ 50% of salary
 - (c) Traveling allowance bill - Rs. 5,000 p.a;
Actual Expenditure - Rs. 6,000 p.a
 - (d) Bonus - Rs. 35,000
 - (e) His contribution to Statutory Provident Fund Rs. 2,500 pm
 - (f) Employer's contribution to SPF - 10% of salary
 - (g) Interest on accumulated balance of SPF @ 13%
Rs. 12,000
 - (h) Entertainment allowance Rs. 1,000 p.m
 - (ii) He owns two houses one of which is let out at a rent of Rs. 4,000 pm and other (whose annual value is Rs. 10,000) remained vacant throughout the year on account of his employment at Ambala where he has taken a house on rent. The two houses are subject to Municipal taxes of Rs. 5,000 and Rs. 1,000 respectively.

- (iii) During the year he sold shares of Hero Honda Limited and earned a short term capital gain of Rs. 50,000 (Security Transaction Tax paid)
- (iv) He earned Rs. 11,500 as interest from Govt. securities and bank interest on SBI fixed deposits Rs. 11,000 and on a Saving A/c Rs. 20,600.
- (v) He pays Life Insurance Premium of Rs. 25,000 on his life policy of Rs. 4,00,000. He deposited Rs. 10,000 in Home deposit A/c.

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5. Smt. Sakshi Dutta employed as a manager in a company at Mumbai [population above 25 lakhs] provides the following details of income for the year ended 31 March 2023.

- (a) Salary @ Rs. 25,000 per month.
- (b) Dearness allowance @ Rs. 10,000 per month, (it enters for service benefits).
- (c) Bonus equal to 4 months salary.
- (d) Entertainment allowance @ Rs. 3,000 per month.
- (e) Provided with an unfurnished accommodation, the fair rental value of which is Rs. 5,000 per month.
- (f) Hospitalisation expenses (self) in a private hospital (unapproved) Rs. 25,000 borne by employer.
- (g) Her contribution to recognised Provident Fund @ 14% of salary. Employer contributed an equal amount. Interest credited to Provident Fund @ 11% is Rs. 2,200.
- (h) She encashed two months' leave (including DA) during the year.
- (i) Interest on Govt. Securities Rs. 5,000.

- (j) Interest received from Post Office Saving Bank Account Rs. 2,000 (Single name account).
- (k) She lets out her house property at Delhi @ Rs. 3,000 per month. She could not realise the rent for the months of January and February. The municipal valuation of the house is Rs. 33,000. Municipal Taxes paid @ 10%.
- (l) She sold one house for Rs. 1,27,800 on 1-4-2023. This house was purchased by her on 15th May 2022 for Rs. 45,000.
- (m) She sold another house on 20 April 2023, for Rs. 2,40,000. This house was purchased by her for Rs. 90,000 on 1 May 2005. [C.I.I. for 2005-06 : 117 and for 2023-24 : 348]
- (n) Income from units of UTI, Rs. 8,000.
- (o) Deposited in National Saving Scheme 1992, Rs. 15,000.
- (p) To nation to national defence fund Rs. 5,000.
- (q) Donation to PGI Chandigarh for family planning Rs. 8,000.
- (r) Spent Rs. 35,000 on the medical treatment of specified disease of her grandfather (dependent) aged 80 years.

Compute total income and tax liability of Smt. Sakshi Dutta for the assessment year 2023-24. 15

SECTION-C

6. What are the authorities provided by the Income Tax Act for administration of tax? What are the powers of Commissioner of Income Tax in regard to search and seizure u/s 132? 15
7. Explain the provisions relating to tax deducted at source. Also, state briefly the provisions relating to advance payment of taxes. 15

8. The following details of income have been supplied by the Karta of HUF. You are required to compute the total income and tax of HUF. It has deposited Rs. 10,000 in Public Provident Fund.
- (a) Profit from business Rs. 2,62,000.
 - (b) Salary received by a member of HUF Rs. 8,000.
 - (c) Directors fee received by Karta Rs. 6,000.
 - (d) Rental value of property let out Rs. 12,000.
 - (e) Municipal taxes Rs. 600.
 - (f) Interest on Fixed Deposit of Axis Bank Rs. 450.
 - (g) Long term capital gains from transfer of building Rs. 9,500.
 - (h) Long term capital gains from transfer of investment Rs. 10,000.
 - (i) Donation to a college which is an approved institution Rs. 4,000.
 - (j) Profit from an AOP (1/4th share) Rs. 10,000. 15
9. A, B, C are partners in a firm assessed as firm sharing profit and losses in the proportion of 3:2:1. The firm's profit and loss for the year ended 31 March 2023 showed the net profit of Rs. 1,17,360 after debiting inter alia, the following amounts :
- (a) Salary of Rs. 4,000 paid to C.
 - (b) Rent of Rs. 9,000 paid to A for the portion of building owned by A in which the firm's office was situated.
 - (c) Interest on capital @ 10% is Rs. 1,000, Rs. 2,000 and Rs. 3,000 to A, B and C respectively.
 - (d) Commission on sale to B Rs. 1,000.
 - (e) Expenses on current repairs of business premises belonging to partner A Rs. 1,000. The rent agreement does not contain any provisions regarding repairs by the firm.

- (f) Donation to Shri Sai Baba Sansthan Trust Shirdi (approved) Rs. 5,000.
- (g) The net profit of Rs. 1,17,360 included Rs. 10,400 from interest on Government securities.

Compute firm's total income for the assessment year 2023-24. The deed was submitted along with return and it provides for salary to C Rs. 4,000 p.a. and interest on capital to partners at 10% p.a. Also compute partners income chargeable to tax under the head Profits and Gains. 15