

BALLARI INSTITUTE OF TECHNOLOGY & MANAGEMENT

(Autonomous Institute under Visvesvaraya Technological University, Belagavi)

USN Course Code **Third Semester MBA Degree Examinations, March/April 2024**
DIRECT TAXATION

Duration: 3 hrs

Max. Marks: 100

- Note:* 1. Answer any FOUR full questions from Question No. 1 to 7.
2. Question No. 8 is compulsory
3. Missing data, if any, may be suitably assumed

<u>Q. No</u>	<u>Question</u>	<u>Marks</u>	<u>(RBTL:CO:PO)</u>
1.	a. Define the Assesse in Income Tax Act.	03	(3 :1 : 1)
	b. Describe the conditions for determining the residential status of Individual as per Income Tax Act	07	(3 :1 : 1)
	c. Mr Bret lee, a Non-Indian origin, visits India for 136 days every year since 2014-15. What is his residential status? Determine.	10	(3 :1 : 1)
2.	a. State any 3 Tax free allowances in salary head.	03	(3 :2 : 2)
	b. Mr Arun Kumar retired on 20 th September 2022 after serving for 28 years and 3 months in a Pvt Ltd company covered under POGA. Amount of Gratuity received Rs.10 Lakhs Calculate the taxable and exempted Gratuity if his Basic salary was Rs.32,500 PM and DA Rs. 18,600 (enters into retirement benefits)	07	(3 :2 : 2)
	c. Sahana of Hubballi (Population 11 Lakhs) Furnish The Following Particulars of Her Income For The PY :	10	(3 :2 : 2)
	i. Basic Salary @ Rs.32, 000 P.M.		
	ii. Dearness Allowance Rs.3,500 P.M. (Enters Into Retirement Benefit)		
	iii. Bonus Rs.34, 000 P.A.		
	iv. Rent Free Accommodation Provided By The Employer On The Fair Rental Value Of Rs.130, 000 P.A. & Cost Of Furniture Provided There In Rs.50, 000.		
	v. Free Use of Motor Car of 1600 CC for Both Official & Personal Purposes. The Running & Maintenance Expenses Of The Car Including Driver Salary Paid By The Employer		
	vi. Her Own Contribution To Recognized Provident Fund Is @ 18% of Salary. Employer's Contribution To The Above Fund Is Rs.32,800		
	vii. Interest On RPF @ 12% Is 9,600.		
	viii. Professional Tax Paid Rs.2,400		
	Compute Her Income from Salaries For The A Y.		
3.	a. What are the reasons for Depreciation?	03	(3 :3 : 3)
	b. Compute the Depreciation Allowance from the following information:	07	(3 :3 : 3)

Assets	WDV As	Depreciation
Buildings & Godowns	3,85,000	10
Plant and Machinery	1,60,000	15
Furniture	3,80,000	10

Note: (RBTL - Revised Bloom's Taxonomy Level: CO - Course Outcome: PO- Programme Outcome)

Buildings Purchased on 2/5/2022 for Rs.10, 00,000 and no buildings were sold and Plant and Machinery purchased were Rs. 5,60,000 on 1/4/2022 and sold Rs. 50,000

- c. From the following information furnished by Mr. Srikara, Compute his Income from Business for the AY 10 (3 :3 : 3)

Particulars	Amount	Particulars	Amount
To Salaries	6000	By Gross profit	122000
To Rent	11000	By Interest on Debenture	2000
To Bonus to staff	12000	By Dividend from UTI	2000
To Printing & Stationery	4000	By Discount received	12000
To Miscellaneous exp	5000	By Horse race (Gross)	32000
To Advertisement	22000	By Income tax refund	7500
To Household Expenses	15000		
To LIC on own life	6000		
To car expenses	18000		
To Property Tax	4000		
To Medical Exp of wife	3000		
To Provision of Sales Tax	10000		
To Depreciation	10000		
To Gifts and Presents	2000		
To Net Profit	49500		
	177500		177500

Additional Information:-

- i. Gifts and Presents are made to his relatives.
 - ii. Depreciation allowable as per rules is Rs.7, 200 for Business.
 - iii. Half of the car expenses pertain to his personal use
 - iv. Property tax related to his Self-occupied house
4. a. What is the formula for Section 54F exemption Calculation? 03 (3 :4 : 4)
- b. Elucidate the Income from Other Sources in Brief 07 (3 :4 : 4)
- c. **Compute the Capital gain from the following:** 10 (3 :4 : 4)

Particular	Jewellery	Urban Agri Land
Cost of acquisition	4,00,000	63,000
Year of purchase	1989-90	2002-03
Cost of additions	80,000	51,600
Year of additions	1999-00	2007-08
Cost of improvement	2,34,000	-
Year of improvement	2005-06	-
Selling expenses	-	2,000
Selling proceeds	29,86,400	7,61,000

The fair market value of jewellery as on 01-04-2001 was Rs 5, 60,000.

The costs of inflation index were:

2001-02=100, 2003-03=105 2005-06=117, 2007-08=129 and 2022-23=331.

5. a. What is Deduction of Sec 80 DD? Describe 03 (3 :5 :5)
- b. What do you mean by Set off and Carry forward of Losses? Explain the Provisions of Income Tax Act relating to Set Off and Carry Forward 07 (3 :5 :5)

- c. Discuss any 5 Deductions of Deduction U/S 80 in IT Act **10** (4 :5 :5)
6. a. Give a note on HP U/s 24? **03** (3 :2 :2)
- b. What are the different types of Allowances in Salary? Describe **07** (3 :2 :2)
- c. Mr. Harish, an accountant in Wipro Ltd, Bangalore furnishes the following information of house property owned by him for the previous year ending 31-03-2023. **10** (3 :2 :2)

House properties	Self-occupied	Let out
Municipal value	16,000	30,000
Rent	---	30,000
Standard rent	---	26,000
Local Taxes	1,000	2,000
Interest on loan	6,000	5,000

Compute his income from house property taking into consideration that the House let out remained vacant for 2 months and unrealized rent amounted to Rs 2,500 in the previous year

7. a. Give 3 examples of Vocation **03** (3 :3 :3)
- b. What are admissible and inadmissible expenses and incomes in PGBP? Describe with one example each. **07** (3 :3 :3)
- c. From the following, compute Income from Profession for the AY. **10** (3 :3 :3)

Receipts	Rs.	Payments	Rs.
Cash on hand	4,000	Dispensary expenses	44,000
Consultation fees	2,60,000	Periodicals	1,000
Visiting fees	40,000	LIC premium	24,000
X-ray fees	1,00,000	Staff salaries	1,20,000
Share from UTI	16,000	Domestic expenses	1,10,000
Loan from bank	1,30,000	Donations	40,000
Rent from HP	48,000	Deposits in bank	40,000
		Car expenses	30,000
		Surgical Equipments	1,20,000
		Cash on hand	69,000
	5,98,000		5,98,000

Additional Adjustments:

- Depreciation as per Rules Rs. 5,000
- Car Expenses personal 1/3
- Share from UTI is Exempt
- LIC Premium is own life

8.

Case Study

From the following trading and profit and loss account of Mr. Rajesh and the information given below compute his total income for the Assessment Year 2023-2024:

Particulars	Amount	Particulars	Amount
Opening Stock	40,000	Sales	6,92,000
Purchases	4,18,000	Closing Stock	1,04,000
Salaries	12,000	Interest on Debentures	60,000
Rent	22,000	Discount Received	24,000
Bonus to staff	6,000	Winnings from horse races (Gross)	24,000
Printing and Stationery	8,000	Life policy amount received on maturity	30,000
Miscellaneous expenses	8,000	Share of profit from a firm	4,000
Advertisement	44,000		
Drawings	24,000		
Life insurance premium	10,000		
Car Expenses	36,000		
Property tax	8,000		
Medical expenses on dependent son who is a person with disability	46,000		
National Savings Certificates purchased	6,000		
Net profit	2,50,000		
	9,38,000		9,38,000

Adjustments:

- i. Car Expenses 1/3 is Personal
 - ii. Property Tax was relating to House Property
- a. Compute the Gross Total Income **10** (4:5:5)
 - b. Taxable Total Income along with necessary Deductions **10** (4:5:5)

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