

CARMEL COLLEGE OF ARTS, SCIENCE AND COMMERCE

M.Com (Semester – III) Examination, February 2022

COO 339: DIRECT TAXES

Duration: 3 Hours

Max. Marks: 60

Instructions:

1. This paper consists of Nine Questions carrying Equal Marks.
2. Question No. 1 consists of 5 compulsory questions of 2 marks each.
3. Answer any FIVE questions from Question No. 2, 3, 4, 5, 6, 7, 8 and 9.
4. Each question carries 10 marks. Figures to the right indicate marks.

Q. 1. Answer the following Questions:

(5x2=10)

- a) 'Ms. Geeta' received the following gifts during the financial year 2020–21:
- | | |
|---|------------|
| 1. From wife's sister's husband on the occasion of her birthday | ₹ 1,00,000 |
| 2. From a friend on occasion of his birthday | ₹ 30,000 |
| 3. From a sick neighbour, in contemplation of his death | ₹ 2,00,000 |
| 4. A movable property from his father's friend | ₹ 71,000 |

Calculate the amount of gifts chargeable to tax for the Assessment Year 2021-22.

- b) Explain the different types of income tax returns filed by an assessee.
- c) 'Ms. Sujata' has deposited an amount of ₹ 50,000 for her own treatment. Determine the amount of deduction available if:
1. She is a disabled person.
 2. She has a severe disability of 82%.
- d) Explain the areas for Corporate Tax Planning.
- e) 'Mr. Aryan' from Sri Lanka came to India for the first time on 1st November 2019. He was in India upto 31st October, 2021 on which day he left for Japan. During his stay in India, he stays at Delhi upto 31st March 2021 and thereafter remains in Mumbai till his departure from India.

What is his residential status for A.Y. 2020-21 and A.Y. 2021-22?

Q.2. a) Explain the provisions u/s 44AD and u/s 44AE. (05)

b) Differentiate between Tax Evasion and Tax Avoidance. (05)

Q.3. ‘Mrs. Sushma’, a resident individual submits the following information for the A.Y. 2021-22. Her income from profession is ₹ 4,40,000. The details of her Let Out Properties are as follows: (10)

Particulars	House I	House II
Fair Rent	3,50,000	3,20,000
Municipal Valuation	3,60,000	3,50,000
Standard Rent	3,00,000	5,00,000
Annual Rent	6,00,000	4,20,000
Unrealised Rent of Previous Year 2020-21	10,000	80,000
Repairs	5,000	7,000
Insurance	20,000	30,000
Vacancy Period (No. of months)	2	4
Municipal Taxes Paid	40,000	50,000

Interest on capital borrowed for construction of House II, by mortgaging House I is ₹ 1,40,000.

Further Information is as under:

1. She invested in National Saving Certificate ₹ 10,000.
2. Interest paid on educational loan taken on 01.06.2019 from Bank of India for MBA degree of her daughter amounts to ₹ 6,000

Determine the taxable income of Mrs. Sushma for A.Y. 2021-22.

Q.4. ‘Mr. Ram’, who is 42 years of age, provides the following details of his financial transactions for the previous year ended on 31st March 2021. (10)

1. Income from sub-letting of residential house property ₹ 95,000. He paid rent of ₹ 56,000 to the owner of the house and collection charges of rent amounted to ₹ 650.
2. He received cash gift of ₹ 65,000 from different friends on the occasion of his ‘house-warming’ ceremony on 30th September 2020.
3. He received family pension of ₹ 12,000 per month from the State Government.
4. During the year, on the occasion of his marriage, he received cash gifts of ₹ 1,10,000 from his relatives and ₹ 40,000 from friends.
5. His taxable income from manufacturing business was ₹ 6,50,000.
6. He paid medical insurance premium for himself and his spouse ₹ 9,000; on the health of dependent son ₹ 3,000 and of independent daughter ₹ 8,000.
7. During the year his income from winning of lotteries came to ₹ 69,000 (Gross). He had spent ₹ 15,000 for purchase of lottery tickets.

Compute Total Income of Mr. Ram for the Assessment Year 2021-22.

Q.5. Explain the various types of Companies and Residential Status of a Company (10)

Q.6. ‘Ms. Sharda’ provides the following details of her house property for the previous year 2020-21: **(10)**

	₹
Purchase of house property on 1 st April 2007	5,50,000
Sale of House Property on 15 th December 2020	22,00,000
Cost of alteration in June 2011	3,00,000
Construction of additional room in March 2016	2,50,000
Brokerage paid on account of transfer	30,000
Legal expenses paid on account of transfer	9,000

Cost Inflation Index: 2006-07 = 406, 2007-08 = 426, 2010-11 = 480, 2011-12 = 497,
2015-16 = 632, 2016-17 = 711, 2019-20 = 939, 2020-21 = 1,024.

Compute the amount of Capital Gains for Assessment Year 2021-22.

Q.7. ‘Mr. Prasad’ is employed as a manager of Sunshine Ltd. He provides the following information about his income for the previous year ended 31st March 2021. **(10)**

1. Basic Salary ₹ 40,000 per month.
2. Dearness Allowance 50% of basic.
3. Transport Allowance ₹ 1,600 p.m. (spent ₹ 1,500 p.m.).
4. Conveyance Allowance ₹ 10,000 (spent ₹ 15,000).
5. Entertainment Allowance ₹ 5,000 p.m.
6. Medical Allowance ₹ 25,000 p.a.
7. Employer’s contribution to Recognised Provident Fund ₹ 78,590.
8. Interest credited to above provident fund @ 13% ₹ 39,000.
9. Arrears of salary received ₹ 1,20,000.
10. L.T.C. received during the year in the form of air-conditioned first-class rail fare by shortest route ₹ 14,000 (he had actually spent ₹15,000 for the journey).
11. His income from other sources during the year amounted to ₹ 1,20,000.
12. Children Education Allowance @ 75 per child per month for 3 children.

Compute his income from salaries for the A.Y. 2021 – 22.

Q.8. a) Elaborate the Deduction u/s 80D. **(05)**

- b) Pranay Transport Ltd. is engaged in business of goods carriage. He owns ten trucks (six out of which are heavy goods vehicle). On 6th May 2020, one of the heavy goods vehicles was sold and a light good vehicle was purchased on 10th May 2020 which was put to use on 17th July 2020. Find the estimated income u/s 44AE. **(05)**

Q.9. a) Explain any four incomes exempt from tax u/s 10. **(04)**

- b) 'Mr. Sahil' starts a new business on 1st April, 2020 and purchases the following assets. You are required to form "Block of Asset" and calculate the depreciation for the Previous Year 2020-21. (06)

Particulars	Rate of Depreciation	Amount
Furniture at Office	20%	9,00,000
Copyrights	25%	3,00,000
Factory Building	15%	25,00,000
Patents	25%	2,00,000
Office Building	15%	10,00,000
Furniture at Residential Building	20%	12,00,000
Plant & Machinery	12%	6,00,000

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