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V Semester B.Voc (RM) Degree Examination, March - 2021

**RETAIL MANAGEMENT**

**Direct Taxes**

(CBCS Fresher and Repeaters 2018-19 & Onwards)

Paper - 5.3 (E023)

**Time : 3 Hours**

**Maximum Marks : 70**

**Instructions to Candidates:**

- 1) Answer **all** sections.
- 2) Answer should be written in English only.

**SECTION - A**

1. Answer any **Five** of the following.

(5×2=10)

- a) Define person.
- b) What is incidence of Tax?
- c) Mention any four important Income Tax Authorities?
- d) What is arrears of salary?
- e) Mention four exempted Income u/s 10 of the Income Tax Act.
- f) What is the due date for filling the returns?
- g) What do you mean by "Long term capital gain"?

**SECTION - B**

Answer any **Three** of the following.

(3×6=18)

2. State the conditions u/s 54 for claiming exemptions from capital gains.
3. Mr. Satish is a citizen of Australia comes to India on 20/3/2019 for the first time and on 1/9/2019 he left India and went to Nepal on a business trip. Again he comes back to India on 26/02/2020. Determine his residential status for the Assessment year 2020-21.
4. Discuss whether the following are agricultural incomes or non-agricultural incomes.
  - a) Income from dairy farm, poultry farming etc.
  - b) Profit on sale of agricultural land.
  - c) Dividend received from company engaged in agricultural activities.
  - d) ~~Income from supply of water for agriculture purpose.~~
  - e) Income from agricultural land situated in South Africa.
  - f) Income from farm house situated in agricultural land.

[P.T.O.]



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5. Mr. Srinivas (resident), an employee of BIT Ltd, retires from his service on 16th January 2020 after serving for 36 years and 6 months and 1 day, he receives Rs.9,70,000 as Gratuity under the Gratuity Act 1972. At the time of retirement his Basic salary was Rs.20,000 P.M. and Dearness Allowance was Rs.500 p.m.  
What amount of Gratuity will be taxable for the assessment year 2020-21.

6. From the following particulars furnished by Mr.Hari (resident) compute his income from capital gains for the A.Y. 2020 - 21.

Date of purchase of house property 1/12/2000

Cost of acquisition Rs.2,50,000

Cost of addition in 2,000 Rs.25,000

Fair market value as on 1/4/2001 Rs.3,50,000

Cost of additions in 2004-05 Rs.77,000

Sale consideration Rs.30,00,000,

Stamp duty value in 2019-20 Rs.54,00,000

Cost inflation index : 2001 - 02 = 100;

2004 - 05 = 113; 2019 - 20 = 289.

**SECTION - C**

Answer any **Three** of the following

(3×14=42)

7. Mr. Pranav furnishes the following particulars of his income earned during the previous year 2019-2020.

- a) Profit from business in Mumbai Rs.50,000
- b) Income from agriculture in Bangladesh Rs.1,90,000
- c) Income from property in Mexico received there Rs.2,00,000
- d) Interest on Hongkong Development Bonds Rs.1,50,000 ( $\frac{1}{3}$  received in India)
- e) Income from business in Kuwait controlled from Chennai Rs.85,000.
- f) Dividend from domestic Company Rs.1000.
- g) Profit on sale of building in Mysore received in Nepal Rs.50,000
- h) Income from agriculture in Haryana Rs.1,00,000
- i) Profit on sale of plant at Dubai Rs.60,000 (50% is received in India)
- j) Rent from house property (computed) in Nepal received there Rs.20,000
- k) Profit from business in Mysore received in Udupi Rs.25,000
- l) Dividend from UK based company received in U.K Rs.27,000

Compute his Gross Total Income for the A.Y 2020-21 if he is

- a) Resident
- b) Not ordinarily resident and
- c) Non-Resident.



8. Mr. Rahul (resident) is an employee in ABC Ltd at Bengaluru. He gives the following information for the A.Y 2020-21.
- Basic Salary Rs.8,000 p.m
  - Dearness allowance Rs.6,000 p.m  
(Rs.1,000 p.m enters into all retirement benefits)
  - Education allowance for 2 children at Rs.350 p.m per child.
  - House Rent Allowance Rs.1,600 p.m. but he pays Rs.3,000 p.m as actual rent.
  - He and the company contribute 14% of salary towards the RPF.
  - Interest on RPF was Rs.15,000 at 15% p.a
  - Company has paid Income Tax of Rs.6,420 during the p.y an his taxable income.
  - Company has provided a telephone at his residence by meeting all the expenses amounting to Rs.6000 for the year.
  - CCA Rs.29,600 p.a
  - Conveyance allowance of Rs.8,000 for visiting the branches (fully spent)
  - Family allowance Rs.600 p.m.
  - Entertainment allowances Rs.760 p.m
  - Company provides a small car for personal and official purpose. The entire expenditure of Rs.76,000 is met by the Company and Rs.9,000 is recovered in providing car.

Compute his taxable income from Salary in the assessment year 2020-21.

9. Mr.Rishab sold some of his properties during the year 1-4-2019 to 31-3-2020 are as under.
- Jewellery Costing Rs.1,60,000 was sold for Rs.3,00,000 in May 2019 (Which has acquired in June 2018)
  - Residential House at Bengaluru which was inherited by him in 1974, sale price on 31-10-19 Rs.38,00,000 FMV on 1-4-2001 Rs.2,00,000, cost of improvement made during the year 2009-10 Rs.50,000. Expenses on transfer Rs.50,000
  - House hold furniture costing Rs.28,000 in 2000-01 was sold in March 2020 Rs.52,000
  - Machinery WDV 1-4-19 was Rs.76,000 was sold 1-12-2019 Rs.90,000
  - Self cultivated Land was Compulsory acquired under law Rs.14,00,000 on 1-1-2020 and its cost in 2003-04 Rs.1,30,800 Compute his total capital gains.

[CII 2001-02=100; 2003-04=109;

2009-10=148 and 2019-20=289]



10. Miss Swathi who is an officer in SRMLtd, gives you the following Particulars.

- a) Basic Salary Rs.16,000 p.m
- b) DA Rs.1,000 p.m(50% enters into all retirement benefits)
- c) HRA-Rs.5,000 p.m (Rent paid Rs.7,000 at Bengaluru)
- d) Conveyance allowance Rs.800 p.m (Rs.600 p.m used for official purpose)
- e) CCA Rs.150 p.m.
- f) Motor car of exceeding 1600cc with driver provided used partly for official and partly personal.
- g) Payment of her LIC premium Rs.8,000 by the Company.
- h) Children education allowance of Rs.200 p.m each for her 3 children.
- l) Services of sweeper (salary Rs.200 p.m) put of which Rs.50 p.m each recover from Miss Swathi.
- j) She contributes 14% of her salary to RPF and the Company makes a matching contribution to RPF.
- k) Interest credited to RPF Rs.6,875 at 12.5% p.a on 2/6/2019.

Compute her income from salary for A.Y 2020-21

11. Mr. Micheal an American Came to India for the first time on 1<sup>st</sup> January 2016. He stayed here Continuously for 2 years. He went back to New york on 1-1-2019. Again he came to India on 1-2-2020 on a two years job assignment with a multinational company in India. Determine his residential status for the previous year 2019-20.
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