



**II Year M.Com. (DCC) Examination, January 2018  
(2007-08 Scheme)  
COMMERCE  
AT 2.7 : Direct Taxes**

Time : 3 Hours

Max. Marks : 100

**Instruction :** Answer *all* Sections.

SECTION – A

1. Answer **any eight** from the following sub-questions. **Each** sub-question carries **2** marks. **(8×2=16)**
- a) What is MAT ?
  - b) Mention any two conditions to be fulfilled by company to consider it as resident.
  - c) What is double taxation ?
  - d) What do you mean by FBT ?
  - e) State any two items which are exempted from wealth tax.
  - f) What do you mean by advance payment of tax ?
  - g) Mention the provisions of deductions under section 80G.
  - h) What do you mean by perquisites ? Give examples.
  - i) Who is called as deemed to be assessee ?
  - j) Mention the features of direct taxation.
  - k) What do you mean by exempted incomes ? Give examples.

SECTION – B

Answer **any three** questions **each** question carries **8** marks. **(3×8=24)**

2. Mr. Varma, a resident of India submits the following particulars of his income for the assessment year 2016-17.

	<b>Rs.</b>
a) Income from house let out (computed)	95,000
b) Profit from real-estate business	1,09,400
c) Dividend from foreign company	17,800



d) Speculation income	14,900
e) Short term capital gains	45,200
f) Long term capital gains	21,300

The following items have been brought forward from the proceeding A.Y. 2015-16.

i) Loss real-estate business	45,600
ii) Unabsorbed depreciation	25,000
iii) Speculation loss	11,200
iv) Short term capital loss for the year 2011-12	35,100
v) Long term capital loss for the year 2012-13	39,900
vi) Brought forward loss from house property	61,200

Current year's depreciation amounted to Rs. 15,000

You are required to compute his gross total income with the carry-forward of losses.

3. Following particulars are supplied by a Manufacturing Company situated in Chennai for the assessment year 2016-17.

Block of Assets	WDV as on 1/4/2015	Additions Rs.	Sale Rs.	Rate of Depreciation
Factory building	29,50,000	6,50,000 (15/01/2016)	–	10%
Residential building	28,00,000	7,00,000 (31/07/2015)	–	5%
Plant and machinery	40,00,000	1,10,000 (05/10/2015)	7,00,000	15%
Furniture and fittings	06,30,000	80,000 (10/10/2015)	1,15,000	10%
Motor Car	10,90,000	2,10,000 (02/02/2016)	1,80,000	15%

You are required to calculate the amount of allowable depreciation under the Income Tax Act, 1961.

- Distinguish between allowances and perquisites.
- “Income tax is a tax on income and not on receipts”. Discuss.
- Write short notes on appeals and revision under Income Tax Law.



SECTION – C

Answer **any four** questions **each** question carries **15** marks. **(4×15=60)**

7. What is wealth tax ? Explain the procedure for assessment under Wealth Tax Act.
8. Write a short note on :
  - a) 80IB
  - b) Advance tax rulings.
9. Distinguish between Tax planning, Tax avoidance and Tax evasion.
10. Mr. David has the following assets and liabilities on the valuation date.

	(in lakh)
a) Two residential house self occupied (valued at Rs. 30 lakh and 25 lakh)	55.00
b) Farm house-situated 20 km away from the local limits	15.00
c) Cars – For personal use	2.50
For Wife	3.00
For Children	5.00
d) Bullion	25.00
e) Silver	1.50
f) Boat (Not used for commercial purpose)	3.00
g) Last year purchased land in the city to start an industrial undertaking but undertaking has not been started so far.	4.50
h) Shares from companies	18.00
i) Share in HUF property	15.00
j) His minor child received a gold chain last year from his maternal uncle	0.50
k) He gifted jewellery to his daughter-in-law	0.90
l) Residential and non-residential buildings	120.00
m) He took a loan to purchase farm house by mortgaging his residential house	8.00

Determine wealth tax liability of Mr. David.



11. Write a short note on :

- a) Own or lease
- b) Double taxation treaties.

12. Compute total income and tax liability of Mr. Manjunath for the assessment year 2016-17 from the particulars given below, who is working as a manager in a Pvt. Company at Bhopal :

Basic pay : Rs. 25,000 pm, Dearness Allowance Rs. 5,000 pm (part of retirement benefits), Education allowance for two children : Rs. 350 pm, Bonus : Rs. 40,000, Transportation allowance Rs. 3,200 pm. He contributed Rs. 22,500 to the recognized provident fund and an equal amount was contributed by his employer. He paid Rs. 500 professional tax. He received Rs. 14,000 from bank as interest, dividend of Rs. 12,000 from a foreign company and winning from lottery Rs. 85,000 (gross)

He was earned short term capital gain in the previous year Rs. 85,000.

He has also contributed towards LIC premium of Rs. 40,000 (sum assured Rs. 1,80,000) He has paid a medical insurance of his wife Rs. 10,000 during previous year by cheque. He has contributed Rs. 18,000 towards NDRF and Rs. 8,000 to a temple.

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