

**BACHELOR OF COMMERCE**  
**Third Semester**  
**Direct Tax**  
**(BCM-14)**

**Duration: 3Hrs.**

**Full Marks: 70**

**Part-A (Objective) =20**  
**Part-B (Descriptive)=50**

**(PART-B: Descriptive)**

**Duration: 2 hrs. 40 mins.**

**Marks: 50**

**1. Answer the following questions (any *five*):**

**2×5=10**

- a) What is Assessee?
- b) What is Previous Income?
- c) What is Income from House Property?
- d) What is Assessment Year?
- e) What is Commuted value of Pension?
- f) What is Capital Gain?
- g) What is Voluntary Payment?
- h) What is Entertainment Allowance?

**2. Answer the following questions (any *five*):**

**3×5=15**

- a) Specify with details the allowances which are taxable in the hands of employee.
- b) Explain the basic step for calculating income from house property.
- c) Show the steps for calculating income from House property.
- d) What are the deduction from Annual Value?
- e) What is Return of Income?
- f) What is Standard Deduction?
- g) What is Wealth Tax?



3. Solve the following questions (any five):

5×5=25

a) Mr. Kushal submits the following information regarding his salary income which he gets from ABC Ltd. Basic salary ₹ 15,000 p.m.; D.A. 40% of Basic Salary (forming part of retirement benefits); City Compensatory Allowance ₹ 300 p.m.; Children Education Allowance ₹ 400 p.m. (for 3 children); Transport allowance ₹ 1,000 p.m.; Reimbursement of Medical Expenses ₹ 25,000. He is also entitled to HRA of ₹ 6,000 p.m. from 1.4.2012 to 31.8.2012. He was paying a rent of ₹ 7,000 p.m. for a house in Delhi. From 1.9.2012 he was provided with an accommodation by the company for which the company was paying the rent of ₹ 5,000 p.m. The company charged him 1,000 pm as rent for the accommodation. Compute Gross Salary for the Assessment Year 2013-14.

b) B was employed with Y Ltd. He retired w.e.f. 1.2.2013 after completing a service of 24 years and 5 months. He submits the following information: Basic Salary: ₹ 5,000 per month (at the time of retirement) Dearness Allowance: 100% of Basic Pay (60% of which forms part of salary for retirement benefits). Last July, 2012 His pension was determined at ₹ 3,000 per month. He got 50% of the pension commuted and received a sum of ₹ 1, 20,000 as commuted pension. In addition to this, he received a gratuity of ₹ 1, 50,000 and leave encashment amounting to ₹ 56,000 on account of accumulated leave of 240 days. He was entitled to 40 days leave for every year of service. Compute his Gross Salary for Assessment Year 2013-14 assuming that he is not covered under Payment of Gratuity Act.

c) Mr. Rohan owns two houses. Their particulars for the Previous Year 2012-2013 are given below:

Particulars	Construction completed on 01.04.2011	
	House I	House II
	Self-occupied	Let out
Municipal Valuation	10,00,000	15,00,000
Fair Rent	12,00,000	14,00,000
Standard Rent	8,00,000	16,00,000
Annual Rent received	Nil	18,00,000
Municipal Taxes paid	1,20,000	150,000
Insurance premium paid	10,000	15,000
Repair expenses	1,50,000	2,00,000



Unrealised rent-conditions of Rule 4 satisfied	Nil	4,50,000
Interest on loan for the pre-construction period	3,00,000	4,50,000
Interest on loan for the post construction period for the PY year 2012-2013	1,00,000	1,50,000
Date of borrowing the loan	31.12.2005	31.12.2005
Certificate of interest attached to the return.	No	No

Compute Income From House Property

d) R owns a house. The municipal value of the house is ` 80,000. He paid ` 18,000 as local taxes during the year. He uses this house for his residential purposes but let out half of the house at ` 3000 per month with effect from 1 st January 2013. Compute the Annual Value of the house. Calculate the Net Annual Value (NAV)

e) Dr. (Ms) Priyanka is the owner of a big house consisting of three units. Unit I consist of 40% area and Unit II and III are equal dimension, each occupying 30% area. The construction of house was completed on 1 April 2007 at a cost of ` 10, 00,000. The municipal value of the house for the Previous Year 2012-13 has been fixed at ` 2, 00,000. Municipal Taxes have been levied and paid @ 15% of rateable value. The rent under the Rent Control Act is ` 1, 50,000. Unit I is let out @ ` 10,000 p.m. for residential purposes. Unit II is self-occupied. Unit III is used by her for her professional purposes. The tenant did not pay two months rent and conditions of Rule 4 are satisfied. She paid ground rent ` 9,000; interest on loan, taken during 2003-2004 for the construction of the house and payable during the PY 2012-2013 Rs 1,50,000; insurance premium, 6,000. She spent 30,000 on repair of the house. Depreciation for the clinic portion is 15,000. Her gross Receipt from professional during the Previous Year 2012-2013 amounted to `5, 00,000. Compute her Gross Total Income for the Assessment Year 2013-2014.



- f) What are the income shall be chargeable to Income-tax under the head "Profits and Gains of Business or Profession", U/S 28?
- g) Explain the Written Down Value [Sec. 43(6)] and Show the Format of the same.

\*\*\*\*\*

**BACHELOR OF COMMERCE**  
**Third Semester**  
**Direct Tax**  
**(BCM-14)**

*(The figures in the margin indicate full marks for the questions)*

**Duration: 20 minutes**

**Marks – 20**

**PART A- Objective Type**

**Choose the correct Answer**

**1×20=20**

1. \_\_\_\_\_ are the taxes where incidence and impact falls on same person and assesses.
  - a) Direct Tax
  - b) Indirect Tax
  - c) Gross Taxes
  - d) Entertainment Allowances
  
2. \_\_\_\_\_ present the Finance Bill in both the Houses.
  - a) Finance Minister
  - b) President of India
  - c) Prime Minister
  - d) Minister of Commerce & external Affairs
  
3. Any person who is liable to pay any tax or any other sum under the Income Tax Act, 1961 knowns as \_\_\_\_\_.
  - a) Assessee
  - b) Gains of business or profession
  - c) Cooperative society
  - d) None of the Above
  
4. Assessment Year Falls under \_\_\_\_\_.
  - a) Section 2 (9)
  - b) Section 2(8)
  - c) Section 3(1)
  - d) Section 10(10)
  
5. Previous Year falls under
  - a) Section 3
  - b) Section 2
  - c) Section 1
  - d) Section 4



6. Any distribution by a company of accumulated profits whether capitalized or not, if such distribution entails the release by the company to its shareholders of all or any part of the assets of the company known as \_\_\_\_\_
- a) Dividend Income
  - b) Capital Receipt
  - c) Revenue Receipt
  - d) Capital Gains
7. If the Individual stayed in India for a period of 182 DAYS OR MORE during the Relevant Previous Year Residential Status and Tax Incidence he is \_\_\_\_\_
- a) Resident and ordinarily Resident
  - b) Resident but not ordinarily Resident
  - c) Non Resident
  - d) None of the above.
8. Every payment made by an employer to his employee for service rendered would be chargeable to tax as income from \_\_\_\_\_.
- a) Salaries
  - b) housing accommodation,
  - c) medical facility,
  - d) interest free loans
9. Which one of the following is Fully Taxable Allowance without any exemptions?
- a) Warden Allowance
  - b) Non-practicing Allowance
  - c) Family Allowance
  - d) Leave encashment during service
  - e) All the Above
10. Calculation for Salary for Gratuity include
- a) Basic Salary + DA
  - b) Basic Salary + DA+ taxable Allowances
  - c) Basic Salary + DA+ Taxable Allowances + Perquisites
  - d) None of the Above
11. The basis of chargeability under the head income from house property is \_\_\_\_\_
- a) Annual Value.
  - b) Recovery of Unrealized Rent
  - c) Receipt of Arrears of Rent
  - d) Municipal Tax
12. Gross Annual Value is Calculated under Section \_\_\_\_\_
- a) Section 23(1)
  - b) Section 23(2)
  - c) Section 23(3)
  - d) Section 24(4)
13. \_\_\_\_\_ means the rent not paid by the tenant to the owner and the same shall be deducted from the 'Actual Rent Receivable'
- a) Unrealised Rent
  - b) Realised Rent
  - c) All the Above
  - d) None of the Above

14. Standard Deduction is computed under section \_\_\_\_\_
- Under Section 24(a)
  - Under Section 24(b)
  - Under Section 24(c)
  - None of the Above
15. Net Annual Value +Municipal Tax=
- Gross Annual Value
  - Standard Deduction
  - Arrear of Rent
  - All the Above.
16. \_\_\_\_\_ includes any trade, commerce or manufacture or any adventure or concern in the nature of trade, commerce or manufacture.
- Business
  - Commerce
  - Trade
  - All the Above
17. \_\_\_\_\_ is the diminution in the value of an asset due to normal wear and tear or due to obsolescence.
- Depreciation
  - Appreciation
  - Obsolence
  - All the Above
18. Capital Assets held by an assessee for not more than 36 months immediately preceding the date of transfer are treated \_\_\_\_\_
- Short Term Capital Asset.
  - Medium Term Capital Asset
  - Long Term Capital Asset
  - None of the Above.
19. As per section \_\_\_\_\_ it is compulsory for companies and firms to file a return of income for every Previous Year.
- 139(1)
  - 139(2)
  - 139(3)
  - 139(4)
20. \_\_\_\_\_ tax is a socialistic tax. It is not on income but payable only because a person is wealthy.
- Wealth Tax
  - Income Tax
  - Indirect Tax
  - None of the Above

\*\*\*\*\*