

**MASTER OF COMMERCE
THIRD SEMESTER [SPECIAL REPEAT]
DIRECT TAXES
MCM – 306 [MDC]**

**SET
A**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

(Objective)

Marks: 20

Choose the correct answer from the following:

1 × 20 = 20

1. Which of the following allowances are fully exempted?
 - a. Allowance to member of UPSC
 - b. Allowance to teacher or professor from SAARC member states.
 - c. House Rent Allowance to judges
 - d. All of the above
2. The presumptive taxation scheme cannot be adopted by a person who has made any claim towards deduction under section:-
 - a. 10A
 - b. 10AA
 - c. 10B, 10BA
 - d. All the above
3. What does Section 44AD provides?
 - a. Computing business profit
 - b. Presumptive taxation scheme
 - c. Business income
 - d. Resident Individual
4. From the following options, identify the option that only has indirect taxes
 - a. GST, Corporate tax
 - b. Custom Duty, Corporate Tax
 - c. Income Tax, GST
 - d. GST, Custom Duty
5. Which among the following is a Progressive Tax?
 - a. Custom Duty
 - b. Development Surcharge
 - c. Sales Tax
 - d. Income Tax
6. Sugam is also known as :
 - a. ITR-1
 - b. ITR-2
 - c. ITR- 4
 - d. ITR-6
7. Which form is used to file an application for obtaining PAN by an Indian resident?
 - a. Form 49B
 - b. Form 49A
 - c. Form 49
 - d. Form 49AA
8. In PAN Card , if the fourth letter is P, then it denotes:-
 - a. Company
 - b. Firm
 - c. Trust
 - d. Individual
9. A return of income when notified as defective, has to be rectified within
 - a. 30 days
 - b. 60 days
 - c. 15 days
 - d. The financial year

10. How much is the penalty applicable if the return is filed after the due date sent before?
- Rs. 8000
 - Rs. 10,000
 - Rs. 5,000
 - Rs. 6,000
11. Income Tax Act 1961 came into force on :
- 1st April 1960
 - 31st March 1972
 - 1st April 1962
 - 26th January 1950
12. Income earned from Agriculture is exempted income under :-
- Section 10(1)
 - Section 10(2)
 - Section 10(2A)
 - Section 10(4)(i)
13. An individual stays in India for immediately 4 preceding year is 365 days or more than 72 days but did not stayed in India for 182 days during the previous year. What will be his residential status?
- He is resident
 - He is not resident
 - He is ROR
 - He is RNOR
14. Who has the Statutory power to issue notification under Income Tax Act?
- Finance Department of the State.
 - Ministry of Financial Affairs
 - Central Board of Direct Taxes
 - None of the above
15. Mr. X transfers income of Rs. 51,000 from rent to his major son without transfer of house property. Rent of Rs. 51,000 is _____
- Taxable in the hands of transferor father
 - Taxable in the hands of his son
 - Taxable in the hands of that parent, whose total income is higher
 - Exempted from Tax
16. Education allowance is exempted for a maximum of :-
- One child
 - Two children
 - Three children
 - Four children
17. Dearness allowance is taxable in the hands of
- Government Employees
 - Non-Government Employees
 - All employees
 - None of these
18. Salary paid by an employer out of capital will be:
- A revenue receipt in the hands of employee
 - A capital receipt in the hands of employee
 - A Casual receipt
 - None of the above
19. Income from other sources is a _____ head of income
- Varies
 - Residuary
 - Business or profession
 - Capital gains
20. Which of the following components of salary is fully taxable?
- Overtime payment
 - Bonus
 - Dearness Allowance
 - All the above

(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

[Answer question no.1 & any four (4) from the rest]

1. From the following information available regarding five house properties of Sri C. Prasad, find Gross Annual Value for the assessment year 2022- 2023.

10

Particulars	A	B	C	D	E
Municipal value	330	330	330	330	330
Fair Rent	300	340	360	280	260
Standard Rent	260	300	380	300	280
Rent for full year	240	360	240	288	336
Self-occupied (mths)	----	2	1	-----	-----
Unrealised Rent (mths)	2	1	-----	1	----
Vacancy Period (mths)	2	1	-----	2	1

2. a) What are the deductions which are expressly allowed under computation of total income of business and profession?
b) The following is the P/L Account of Mr. A. Bajaj for the year ending 31st March, 2022:

5+5=10

Profit and Loss Account

Particulars	Amt. Rs	Particulars	Amt. Rs.
To Staff Salary	94,000	By Gross Profit	5,75,900
To Advertisement	12,600	By Commission	4,400
To Bad Debts written off	3,400	By Rent of Building	24,000
To Fire Insurance Premium (House Property)	2,100	By Sundry Receipts	1,200
To General Expenses	23,400	By Profit on Sale of Investment	9,000
To Expenses on the occasion of Diwali	6,900		
To Interest on Capital	8,000		
To Interest on Bank Loan paid	7,800		
To Repairs and maintenance	11,700		
To Depreciation	24,000		
To Net Profit	4,20,600		
Total	6,14,500	Total	6,14,500

Compute the taxable profits from business. The amount of depreciation allowable as per Income Tax Rules is Rs. 21,000.

3. Define intra head set off. What are the exceptions to an intra-head set off? 2+8=10
4. Discuss the procedure for E- filling of ITR. 10
5. a) Define Assessee. Who is liable to pay income tax? Who is regarded as 'Persons' under the Income Tax Act? 5+5=10
 b) Mr. X, an American citizen came to India for the first time on 15th May 2021, and stayed in Guwahati till 30th June, 2021. Thereafter, he left India for U.K. He again came back to India on 4th November, 2021, and stayed in Mumbai till 16th March, 2022. Thereafter, he left India for Paris and never came back to India. Determine his residential status for the assessment year 2022-2023.
6. a) What do you understand by the term Gratuity? Discuss the amount of exemption in respect of Gratuity. 5+5=10
 b) From the following information furnished by Mr. X, who had retired from service has received Rs. 16, 50, 000/- as gratuity from his employer (covered under the Payment of Gratuity Act). Ascertain the taxable amount of received from the employer. Other relevant particulars are:
 1) Date of retirement 30.03.2020
 2) Basic pay as on 01.03.2020 (being date of retirement) Rs. 89,000
 3) Dearness Allowance Rs. 15,000 p.m.
 4) Period of employment 25 Years 4 months
7. a) What do you understand by the term Capital gains? Write down the steps for Computation of Long Term Capital Gains. 5+5=10
 b) X, an individual, purchased a site on April, 21 2006 for Rs. 2,00,000. He completed construction of a building thereon on April 21, 2008 at a cost of Rs. 10,00,000. He sold the property consisting of site and building on December 7, 2019 for Rs. 28,20,000 (Stamp Duty Value Rs. 32,00,000). X seeks your opinion on the issue of nature of capital gains arising to him from the sale of the property for the assessment year, 2020-21.
[Note: CII for 2006-07 is 122, 2008-09 is 137 and for the year 2019-20 is 289]
8. a) Discuss the various types of Deemed Income as per the Income Tax Act. 5+5=10
 b) What are the conditions for intra-head and inter head set off of losses?

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