

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

**SET
B**

[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. Capital Assets excludes all assets except:-
 - a. Stock in Trade
 - b. Personal effect
 - c. Jewellery
 - d. Rural agricultural land
4. Identify the indirect tax from the given options.
 - 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. The amount of Dividend received from Co-operative Society is
 - a. Partly Taxable
 - b. Non-Taxable
 - c. Taxable
 - d. None of the above
7. Deemed incomes covered under sections 68, 69A, 69B, 69C and 69D are taxable
 - a. 40%
 - b. 50%
 - c. 60%
 - d. None of the above
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 many Alpha Numeric characters are there in PAN Card? -
- 7
 - 7
 - 13
 - 13
11. Income Tax is a _____ tax.
- Professional
 - Direct
 - Indirect
 - Service
12. Income earned from Agriculture is exempted income under :-
- Section 10(1)
 - Section 10(2)
 - Section 10(2A)
 - Section 10(4)(i)
13. Which of the following incomes from house property is not exempted for tax? -
- Agricultural House Property
 - House used for business or profession
 - House held as stock in trade
 - House let out for commercial purpose.
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. Which of the following is not included in salary income?
- Commuted Pension
 - Un-Commuted Pension
 - Family Pension
 - Leave encashment
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. Interest received by an employee on his own contribution to unrecognized provident fund is taxable under the head _____
- Income from other sources
 - Income from other sources
 - Salary
 - Salary

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(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

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

1. a) Define Assesse. Who is liable to pay income tax? Who is regarded as 'Persons' under the Income Tax Act? 1+2+2+5=10
b) Define Income tax. Write down the names of the major heads of income under the income tax, 1961.
2. 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 (Rs)	B (Rs)	C (Rs)	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 (months)	----	2	1	-----	-----
Unrealised Rent (months)	2	1	-----	1	----
Vacancy Period (months)	2	1	-----	2	1

3. a) What do you understand by the term Gratuity? Discuss the amount of exemption in respect of Gratuity. 2+3+5=10
b) State the differences between Business and Profession.
i)
4. a) What do you understand by the term Capital gains? Write down the steps for Computation of Long Term Capital Gains. 2+3+2.5+2.5=10
b) Write short notes on :
ii) Set off of Losses.
iii) Carry Forward of Losses

5. 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.

6. Define intra head set off. What are the exceptions to an intra-head set off?
 7. a) What is Digital Signature Certificate? Who are the digital signatures Certificate issuing Authorities?
 b) What are the conditions for intra-head and inter head set off of losses?
 8. Discuss the procedure for E- filling of ITR.

2+8=10

2+3+5=10

10

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