Write the following information in the first page of Answer Script before starting answer

ODD SEMESTER EXAMINATION: 2020-21					
Exam ID Number					
Course	Semester				
Paper CodePaper T	Citle				
Type of Exam:	(Regular/Back/Improvement)				

Important Instruction for students:

- 1. Student should write objective and descriptive answer on plain white paper.
- 2. Give page number in each page starting from 1st page.
- 3. After completion of examination, Scan all pages, convert into a single PDF, rename the file with Class Roll No. **(2019MBA15)** and upload to the Google classroom as attachment.
- 4. Exam timing from 10am 1pm (for morning shift).
- 5. Question Paper will be uploaded before 10 mins from the schedule time.
- 6. Additional 20 mins time will be given for scanning and uploading the single PDF file.
- 7. Student will be marked as ABSENT if failed to upload the PDF answer script due to any reason

REV-01 MCM

MASTER OF COMMERCE THIRD SEMESTER **DIRECT TAXES** MCM-306

Duration: 3 hrs. Full Marks: 70

(PART-A: Objective)

Tir 20

me	e : 20 min.	Marks: 2	
	noose the correct answer from the following:	1X20=20	
1.	a. Department of Finance	b. Central Board of Direct Taxes	
	c. Central Board of Indirect Taxes	d. RBI	
2.	Which of the following is included as a "ca gains under Income tax Act, 1961? a. Stock in trade	pital asset" for consideration of capital b. Personal effect	
	c. Jewelry	d. Agricultural land	
3.	The 'total income' (TI) is derived after subtra from the Gross Total Income (GTI) a. Section 40		
	c. Section 80	d. Section 60	
4.	The amount received per month as a pension by a retired employee is taxable under the head of:		
	a. Income from other sourcesc. Income from Business and profession	b. Income from salaryd. Income from Capital Gains	
5.	Which one of the following are the fully tax a. House Rent Allowances c. Dearness Allowances	able allowances? b. Children Education Allowances d. Children Hostel Allowances	
6.	Salary includes a. Basic Salary c. Perquisites	b. Allowancesd. All of the above	
7.	As per Section 234B of the IT Act, if a tax payable taxes before the financial year ends a. 50% c. 75%		
8.	Which of the following is not a key benefit a. Equitable c. Alleviates poverty	of direct tax? b. Curbs Inflation d. Supports public administration	
9.	The terms "person" under Income Tax Act, a. Association of Persons c. An individual	1961 includes b. Local Authority d. All of the above	

10.	An employee in receipt of hostel expendit the maximum amount will exempt under sea. Rs. 10,800		
	c. Rs. 7,200	d. Rs. 5,000	
11.	Municipal Tax paid to be deducted from Ga a. Paid by the tenant during the previous year	AV(Gross Annual Value) b. Paid by the owner during the previous year	
	c. Paid by the owner during the Assessment year.	d. Accrued during the previous year.	
12.	 Which of the following is not allowed as Tax Act, 1961) under profits and gains of bu a. Deductions which were incurred or sustained during the relevant previous year and related to business. c. Life insurance premium of dependent 	b. Losses and expenses incidental to the operation of the business	
	•	d. Expenses with business premises	
13.	Which of the following is not taxable under the head 'Profits & gains of business or profession' as per sec. 28 of Income Tax Act, 1961? a. Compensation to Management agency b. Rent from house property		
	c. Export incentive	d. Remuneration to partner	
14.	Deduction U/S 24(a) is a. 1/3 of NAV c. Interest on borrowed capital	b. Repairs incurred by the owner d. 30% of NAV	
15.	Mr. Kumar a business man carrying on a budown his business on 24.12.2019. What will year? a. Previous Year 2018-19 Assessment Year 2018-19 c. Previous Year 2019-20 Assessment Year 2018-19		
16.	Mr. Abby Mendes, a British citizen came to India for the first time on 14.02.2020 Determine his residential status for the previous year 2019-20. a. Resident b. Non resident		
	c. Ordinarily Resident	d. Not ordinarily resident	
17.	Mr. Khan is a property dealer. He purc	hased a flat for resale. The flat was	

purchased in January, 2018 for Rs. 84,00,000 and sold in April, 2019 for Rs. 90,00,000. Select the appropriate option.

a. It is a short term capital gain

 c. It is not a capital gain since Mr. Khan is dealing in properties in his normal business ${\bf b.}$ It is a long term capital gain

d. None of the above

18. Permanent Account Number abbreviated as PAN is a unique ____ -digit alphanumeric number issued by the Income Tax Department to Indian a. 10 b. 12

c. 14

19. The ceiling limit of deduction under section 24(b) in respect of interest on loan taken before 1.04.2019 for repairs of a self-occupied house is

a. Rs. 30,000 p.a.

b. 1,50,000 p.a.

c. Rs. 2,00,000 p.a.

d. No limit

d. 16

20. If Municipal Rent = Rs. 1,00,000; Fair Rent= Rs. 1,10,000; Standard Rent= Rs. 1,30,000 And Actual Amount of Rent received for the year is Rs. 1,50,000. Then what will be Gross Annual Value of the house property?

a. Rs. 1,50,000 **c.** Rs. 1,10,000

b. Rs. 1,00,000 **d.** Rs. 1,30,000

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PART-B: Descriptive

Time: 2 HRS 40 MINS . Marks: 50

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

1. Explain in details the provisions for determination of residential status under Income Tax Act, 1961. Also mention the tax liability for an individual according to his residential status for:

10

- (i) Income received or deemed to be received in India whether earned in India or elsewhere.
- (ii) Incomed accrued or deemed to be accrued in India whether received in India or elsewhere.
- **2.** Discuss the taxability of the following incomes for the assessment year 2020-21:

 $2.5 \times 4 = 10$

- Mr. Nicholas, a non resident individual received Rs. 2,00,000 as consultancy services to M/s Moon ltd., an Indian company and received in India.
- (ii) Mr. Bruce Lee, a non resident, is engaged in export business. During the previous year 2019-20, he purchased goods in India and exported them to China. The amount of profit earned during the previous year is Rs. 2,50,000 received in India.
- (iii) Mr. Shyam, a resident and ordinarily resident received Rs. 15,000 as dividend from companies registered outside India during the previous year 2019-20. The dividend was declared and received in India.
- (iv) Mr. Birla, a resident but not ordinarily resident earned Rs. 60,000 from a business in China during the previous year 2019-20. The business is controlled from China.
- **3.** a. Give examples of five transactions which are not regarded as transfer under section 47 of Income Tax Act, 1961.

5+5 = 10

b. Mr. Sinha is a salaried employee with Deloitte. In the month of December,2019 he purchased gold worth Rs. 8,40,000 and sold the same in August, 2020 for Rs. 9,00,000. At the time of sale of gold, he paid brokerage of Rs. 20,000. What is the amount of taxable capital gain?

10

4. Mr. D. Baruah is the owner of a residential house in Guwahati. The house is let out. The Municipal value of the house is Rs. 50,000 and the Fair rent is Rs. 60,000, Standard Rent Rs. 70,000. The Monthly rent of the house is Rs. 6,000 p.m. Mr. D Baruah paid Municipal tax of Rs. 3,000. The interest on loan taken for the construction of the house Rs. 8,000 for the previous year. Determine the taxable income from house property of Mr. D. Baruah for the assessment

year.

5.	Write the short Note on: a) Municipal rent b) Perquisites	5+5=10
6.	Mr. A is employed in Central Government getting basic pay Rs. 11,000 p.m.; Dearness Allowance 5,000 p.m.; House Rent Allowance 4,000 p.m. w.e.f. 01.07.2018. However, the employee is residing in the house of his parents. The Employer has paid Cash Allowance Rs. 300 p.m.; Medical Allowance Rs.250 p.m.; and Entertainment Allowance Rs. 400 p.m. The Employer has also paid professional tax Rs. 75 p.m. on behalf of the employee. Compute the income from salary of Mr. A for the assessment year 2019-2020.	10
7.	Define "Income from Other Sources". Name some incomes which are taxable only under the head "Income from Other Sources".	4 + 6=10
8.	a. What is Advance payment of tax?b. Differentiate between TDS and TCS.	5+5=10

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