



WEST BENGAL STATE UNIVERSITY
B.Com. Honours 3rd Semester Examination, 2021-22

FACACOR06T-B.Com. (CC6)

DIRECT TAXATION

Time Allotted: 2 Hours

Full Marks: 50

*The figures in the margin indicate full marks.
Candidates should answer in their own words and adhere to the word limit as practicable.
All symbols are of usual significance.*

GROUP-A

10×2 = 20

Answer any two questions from the following

1. (a) Mrs. Mehendi has been working for X Ltd, an Indian company, since February 1, 2020. Prior to February 1, 2020, she had not been in employment. Except salary from X Ltd, she has not been earning any other income. Mention the previous years for the assessment years 2020-21 and 2021-22, for Mrs. Mehendi. 2+6+2
- (b) What conditions an individual has to satisfy in order to be treated as a resident and ordinarily resident in India?
- (c) Is money received by wife from her husband to meet her personal expenses treated as an income under section 2(24) in the hands of the wife? Explain your answer.
2. (a) Mr. Ashok, an employee of ABC Ltd., resides at Barasat. He has received Rs. 2,40,000 as basic pay during the previous year 2020-21 from ABC Ltd. He stayed in his father's house upto August 31, 2020 without paying any rent. Thereafter, he has been residing in an accommodation at a monthly rent of Rs. 5,000. His employer has paid Rs. 4,000 per month to him as house rent allowance throughout the previous year. Compute the amount exempted under section 10(13A) read with rule 2A in respect of house rent allowance received, for the previous year 2020-21 relevant to the assessment year 2021-22. 6+4
- (b) State the taxability of lump sum payment from unrecognized provident fund at the time of retirement from service of the employer, as per the Income Tax Act.
3. (a) Can net annual value be negative? 2+8
- (b) Find out the gross annual values of the following properties which were let out throughout the previous year 2020-21 relating to the assessment year 2021-22.

	House 1	House 2
Municipal Value	1,20,000	2,24,000
Fair Rent	1,36,000	2,34,000
Standard Rent under Rent Control Act	1,40,000	2,38,000
Annual Rent	1,56,000	2,40,000
Unrealized rent for the previous year 2020-21 which could not be realized and conditions of rule 4 are satisfied	10,000	6,000
Loss due to vacancy	13,000	20,000

4. (a) Mr. Ruku owns the following assets:

6+2+2

	Building	Shares (listed)
Cost of acquisition	Rs. 6,60,000	Rs. 1,50,000
Date of acquisition	April 1, 2019	March 1, 2020
Sales Consideration	Rs. 13,00,000	Rs. 2,40,000
Date of sale	December 31, 2020	July 1, 2020
Cost of transfer	Rs. 3,000	Rs. 2000

Compute the taxable income from capital gains for the assessment year 2021-22. If the shares are unlisted, will your answer be different?

- (b) What do you mean by long term capital asset?
 (c) Can redemption of preference share by a company be treated as transfer?

5. (a) Mr. Mantu pays the following amount by cheque for the purpose of medical insurance of his family during the previous year 2020-21:

5+5

	Rs.
Premium paid for self and wife	20,000
Premium paid for dependent son	6,000
Premium paid for father aged 66 years	12,000
Premium paid for daughter (not dependent)	7,500

You are required to find out the amount of deduction u/s 80D for the assessment year 2021-22.

- (b) Who can claim deduction u/s 80E in respect of payment of interest on loan taken for higher education? State the conditions and amount of such deduction.

6. (a) What do you mean by belated return? What is the time limit and conditions for submitting a belated return?

5+5

- (b) Write a short note on best judgment assessment.

GROUP-B

Answer any two questions from the following

15×2 = 30

7. (a) State the heads of income under which the following will be assessed:

4+3+8

- (i) House property let out to employees of the assessee's business.
 (ii) Income from subletting of house property.
 (iii) Salary received by a partner from a partnership firm.
 (iv) Family pension received by the widow of an ex-government employee.

- (b) Will the following items be treated as agricultural incomes?

- (i) Income from poultry business.
 (ii) Income from dairy business.
 (iii) Dividend received from a company engaged in agricultural activities.
 (iv) Income from sale of trees grown spontaneously in the premises of the assessee.

- (c) Mr. Jhalak, a Canadian citizen comes to India for the first time on June 1, 2020. He leaves India on February 12, 2021. Determine his residential status for the assessment year 2021-22. Does it make any difference if Mr. Jhalak leaves India on August 1, 2020? During the previous year 2020-21, Mr. Jhalak earned and received in Canada, an income of \$ 1,00,000 from a business situated and controlled from a place situated in Canada. Discuss the taxability of such income in India in the above two situations.

8. The following particulars which relate to the previous year 2020-21, are furnished by Mr. Rana. Compute his Income under the head Salary for the assessment year 2021-22.

15

- (a) He has been in employment with XYZ Ltd. since 1st April, 2019. On 1st April 2019 his basic salary was Rs. 50,000 per month. Annual increment is 3 percent.
- (b) Dearness allowance is 10 percent of basic salary.
- (c) Medical allowance is Rs. 500 p.m. Actual expenses amounted to Rs. 5,000 for the previous year 2020-21.
- (d) Children education allowance for each child is @ Rs. 800 p.m. (Mr. Rana has two sons and one daughter).
- (e) He contributes 14% of his basic salary to a Recognized Provident Fund. His employer also contributes an equal amount.
- (f) Interest credited to Recognized Provident Fund @ 15% amounted to Rs. 45,000 during the previous year 2020-21.
- (g) He is provided by his employer with a rent free furnished house in Kolkata. His employer pays rent for the house of Rs. 10,000 per month and the cost of furniture provided is Rs. 30,000.
- (h) Medical bill of Rs. 22,000 for private checkup is reimbursed by his employer.
- (i) He is provided by his employer with free gas and electricity costing Rs. 16,000 for personal use.
- (j) Professional tax of Rs. 200 per month is paid by the employer.

9. Mrs. Babui has furnished the following particulars for the year ended 31st March 2021:

15

	Rs.		Rs.
To Opening Stock	1,60,000	By Sales	24,00,000
” Purchase	18,40,000	” Closing Stock	1,80,000
” Gross Profit c/d	5,80,000		
	25,80,000		25,80,000
To Salaries	1,10,000	By Gross Profit b/d	5,80,000
” Reserve for bad debts	25,000	” Bank Interest	5,000
” Depreciation	52,000		
” Legal Charges	9,000		
” Income Tax	40,000		
” Bad debt	30,000		
” Interest on Capital	16,000		
” Audit Fee	60,000		
” Life insurance premium	20,000		
” Net Profit	2,23,000		
	5,85,000		5,85,000

Other information:

- (i) Closing stock for the current year is undervalued by 10 percent below cost.
- (ii) Purchase includes a payment of Rs. 10,000 paid by a bearer cheque.
- (iii) Legal charges include Rs. 2,000 which is the fees paid for the registration of title deeds of a land acquired for the business last year.
- (iv) Depreciation allowable, as per I.T rules, amounts to Rs. 40,000.
- (v) Bad debt includes Rs. 4,000 which were finally settled as irrecoverable.
- (vi) Life insurance premium relates to Mrs. Babui's own life.

Compute the taxable income of Mrs. Babui for the assessment year 2021-22.

10. (a) Mrs. Sujata has occupied, during the previous year 2020-21, two houses in Kolkata for her residential purposes, the particular of which are as follows: 10+5

	House I (Rs.)	House II (Rs.)
Municipal Value	1,80,000	90,000
Fair Rent	2,40,000	80,000
Municipal tax paid/payable	10%	10%
		(One quarter remains outstanding)

Mrs. Sujata borrowed Rs. 4,00,000 at a rate of interest of 10% per annum for the purpose of construction of House II. The amount was borrowed on 1.4.2019. Construction was completed on 31.3.2020. She paid the interests on that loan, annually. She did not repay any part of the principal amount of that loan till 31st March 2021.

She also paid, during the previous year 2020-21, interest on loan taken for repair of House No I, amounting to Rs. 35,000.

Compute her income under the head house property for the assessment year 2021-22.

- (b) On 1st April 2020, depreciated value of the block of assets (rate of depreciation 15 percent) is Rs. 1,50,000. It consists of Plants A and B. The assessee purchases Plant C (rate of depreciation 15 percent) on January 1, 2021 for Rs. 1,00,000 and sells Plants A and B, on February 20, 2021 for Rs. 2,00,000. You are required to calculate depreciation for the assessment year 2021-22.

11. From the following particulars which relate to the previous year 2020-21, compute (a) income from other sources of Mrs. Rani for the assessment year 2021-22: 7+8

- (i) Family pension received is Rs. 2,40,000
- (ii) Income from agriculture (land situated in Bangladesh) is Rs. 80,000
- (iii) Dividend from Indian company is Rs. 30,000
- (iv) Winnings from lottery (net after deduction of tax @ 31.2%) is Rs. 84,000
- (v) Rent received, during the entire previous year of 2020-21, from sub-letting of a house property is Rs. 75,000. Rent payable to Mr. Babul for the house property is Rs. 5,000 per month.
- (vi) Royalty from books (typing cost of the manuscripts is Rs. 12,000) is Rs. 25,000
- (vii) Cash gift amounting to Rs. 15,000 is received from a relative.

- (b) Mr. Anusko furnishes the following particulars of his income earned and losses incurred during the previous year 2020-21:

	Rs.
Long term capital loss	75,000
Short term capital gain	40,000
Income from House Property	80,000
Loss from Cloth Business	60,000
Profit from Jute Business	20,000
Loss from Speculation Business	30,000
Interest on fixed deposit	15,000

Bought forward business loss of Jute business is Rs. 10,000 (This loss was first incurred in the previous year 2018-19).

You are required to compute his total income for the assessment year 2021-22.

12. Write Short Notes on:

5+5+5

- (a) Advance Payment of Tax
- (b) Defective Return
- (c) Due dates for filing of return.

N.B. : *Students have to complete submission of their Answer Scripts through E-mail / Whatsapp to their own respective colleges on the same day / date of examination within 1 hour after end of exam. University / College authorities will not be held responsible for wrong submission (at in proper address). Students are strongly advised not to submit multiple copies of the same answer script.*

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