

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
Post-Graduate Department of Commerce
PGDFT, Semester-I, Semester End Examination, January 2023
DFTC 101: Direct Taxes

Duration: 3 Hours

Max Marks: 60

Instructions:

1. *This paper consists of NINE questions carrying Equal marks.*
2. *Question No.1 consists of 5 Compulsory questions of 2 marks each.*
3. *Answer any FIVE questions from question 2,3,4,5,6,7,8 and 9.*
4. *Each question carries 10 marks. Figures to the right indicate marks.*

Q.1. Answer the following:

(5 × 2 = 10)

- a) Write a short note on 'Amount paid on life insurance policies under section 10(10D).'
- b) What do you understand by 'Portuguese Civil Code'?
- c) List any four conditions under chargeability of income from business or profession under section 28.
- d) State any four situations which result in Transfer of capital assets under section 2(47).
- e) What do you understand by Defective Return under section 139(9)?

Q.2. Elaborate on the Forms of Salary income and Tax treatment.

(10)

Q.3. Write short Notes on:

- A. Maintenance/ medical treatment of disabled dependent under section 80DD.
- B. Medical treatment of specified ailments under section 80DDB.
- C. Person With Disability under section 80U.

(10)

Q.4. What is Tax Avoidance and Tax Evasion? How is Tax Avoidance different from Tax Evasion?

(10)

Q.5. Explain the provisions of Tax Deducted at Source (TDS) with reference to:

- A. Salaries under section 192
- B. Withdrawal from employees provident fund scheme under section 192A
- C. Rent under section 194-I

(10)

Q.6. Mr. Clifton furnishes the following particulars of his income earned during the Previous Year 2021-22 relevant to the Assessment Year 2022-23:

- a) Rental income of Rs.15,000 is received in India on 10/5/2021. (it may accrue or arise outside India).
- b) Income from a business connection in India (received outside India) – Rs.3,17,000.
- c) Income from a business situated in Sri Lanka (goods are sold in Sri Lanka, sale consideration is received in Sri Lanka but business is partly controlled from Sri Lanka and from India – Rs.2,17,000)
- d) Income of Rs.40,000 is deemed to be received in India on 24/4/2021 (it may accrue outside India or in India)
- e) Business income of Rs.80,000 is received and accrued outside India during the PY: 2021-22. Business is controlled from outside India.
- f) Salary income of Rs.80,000 is received outside India in the PY: 2021-22 and at the same time, it accrues or arises outside India.
- g) Income of Rs.90,000 earned and received outside India in the year 2008-09 but later on remitted to India in 2021-22.
- h) Royalty received by him outside India from Govt. of India – Rs.8,17,000
- i) Technical fees received from Ambush Ltd. (an Indian Co.) in Germany for advice given by him in respect of project situated in Iran. – Rs.1,17,000

Compute the total income of Mr. Clifton for the relevant Assessment Year if he is a:

- i) Resident And Ordinarily Resident
- ii) Not Ordinarily Resident
- iii) Non Resident

(10)

Q.7. For the Assessment Year: 2022-23, Mr. Vikram submits his details of Property income.

Particulars	House 1 (Let out to Mr. Shyam) (Rs.)	House 2 (Let out to Mr. Karim) (Rs.)
Fair rent	3,50,000	3,20,000
Municipal valuation	3,60,000	3,50,000
Standard rent	3,00,000	5,00,000
Annual rent	6,00,000	4,20,000
Unrealized rent of PY : 2021-22	10,000	80,000
Vacant period (no. of months)	2	4
Loss on account of vacancy	1,00,000	1,40,000
Municipal taxes paid	40,000	50,000
Repairs	5,000	7,000
Insurance	20,000	30,000
Land revenue	25,000	40,000
Ground rent	66,000	82,000
Interest on borrowed capital	40,000	NIL

Determine the income from house property of Mr. Vikram for the Assessment Year: 2022-23.

(10)

Q.8. Solve the following Questions:

a) Raima furnishes the following details earned in the Previous Year 2021-22.

1. Basic salary - Rs.1,92,000 p.a.
2. DA forming part of basic salary for computation, of all retirement benefits - Rs.19,200 p.a.
3. Commission on sales made by her - 7% on sales (sales made by Smitha is Rs.86,000)
4. House Rent Allowance (HRA) – Rs.24,000 p.a. She stays in a rented apartment in Delhi. She pays Rs.21,500 p.a. as house rent.

Calculate the amount of HRA exempt under section 10(13A).

b) After serving for 35 years in an Indian Company, Mr. Kahn retires from service on 1/1/2022. The company pays him gratuity of Rs.3,00,000. His monthly salary at the time of retirement is Rs.12,000. Mr. Kahn is not covered under the Payment of Gratuity Act. You are required to determine the amount of gratuity exempt u/s 10(10).

c) Mr. Manik retires from Sygenta Ltd. On 31/7/2021. He gets pension of Rs.1,000 p.m. up to 31/12/2021. W.e.f 1/1/2022, he gets 60% of pension commuted for Rs.1,70,000. He also gets gratuity of Rs.3,000 at the time of retirement. Calculate the taxable value of pension. **(10)**

Q.9. Mr. Kamat receives the following gifts during Previous Year: 2021-22.

1. On the occasion of marriage of Kamat, he receives gifts: Rs.2,90,000 on 2/4/2021 (out of which Rs.2,00,000 is received from friends of Samar and Mrs. Kamat and remaining amount is received from close relatives of Kamat and Mrs. Kamat.)
2. On 22/6/2021, he gets a gift of Rs.23,000 from Mr. Sam, who is cousin of his father.
3. On 18/8/2021, he gets a gift of Rs.15000 from Mr. Khan, who is the elder brother of his grandfather.
4. On 20/9/2021, he gets a gift of Rs.7,00,000 from his grandmother.
5. On 6/1/2022, he gets a gift of Rs.2,00,000 from a notified public charitable institution (cash gift – Rs.25,000 and gift of work of art whose market value is Rs.1,75,000)
6. On 5/2/2022, he gets a birthday gift of gold chain from his friend (FMV – Rs.11,000)
7. On 1/3/2022, Kamat gets a gift of gold ring from a cousin of his mother in law. The FMV is Rs.20,000
8. On 20/3/2022, Kamat gets a gift of painting from Mystic Ltd. Samar holds 70% shares in Mystic Ltd. (FMV of painting – Rs.19,000).

Compute the amount chargeable to tax in the hands of Mr. Kamat under the head "Income from other sources" for the Assessment Year: 2022-23. **(10)**

*****Best Wishes*****