

Vidya Vikas Mandal's
Shree Damodar College of Comm & Eco
M.Com. (Semester -III) Examination, November 2019
ACCOUNTING & FINANCE
COO314: Direct Taxes(0A-18)

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 5 questions from questions 2,3,4,5,6,7,8 and 9*
- 4) Each question carries 10 marks. Figures to the right indicate marks.*

1. Answer the following questions in brief: (5X2=10)
 - a) Explain any 2 types of provident funds
 - b) State Conditions for claiming additional depreciation.
 - c) Mr.Rama owns a house property (MV-30,000,Fair rent-24,000, Actual rent-18,000). Compute GAV of the property in the hands of Mr.Rama for the AY.2019-20.
 - d) State different exemptions to Set off and carry forward of losses.
 - e) Mr.Aravind receives the following gifts during the previous year 2018-19.
 - i. Receives gift of a house property under a will of a person.
 - ii. Gift of Rs. 25,000 from Mr.Naman, who is cousin of his father.
 - iii. He gets a car by gift (Fair market Value=5,00,000)
 - iv. Gift of gold ring (Fair market value=15,000) from his friend.
2. Explain the following. (5X2=10)
 - i. Agricultural Income exempt u/s 10(1)
 - ii. Explain the valuation of rent free unfurnished and furnished accommodation as perquisites taxable in hands of employees.
3. Elaborate the differentiation between tax planning tax avoidance and tax evasion 10
4. Explain the deduction in respect of contribution to national pension system Sec 80CCD 10
5. Explain tax planning decisions with reference to nature of new business. 10

6. For the AY 2019-20, Samson submits the following information-

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Income from business	Rs. 892000	
Property Income:		
Particulars	House 1	House 2
Fair rent	350000	320000
Municipal Value	360000	350000
Standard rent	300000	500000
Annual rent	600000	420000
Unrealised rent of the PY	10000	80000
Vacant period(In number of months)	2	4
Loss on account of vacancy	100000	140000
Municipal taxes paid	40000	50000
Repairs	5000	7000
Insurance	20000	30000
Nature of occupation	Let out for residence	Let out for business

Determine income from House Property for the financial year 2018-19.

7. Jansons&Sons is incorporated on 3rd September 2017.It commences its production on 14th March 2019. During the previous year 2018-19 the following preliminary expenses are incurred by it: 10

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|---|-------------|
| a. Registration fees for incorporation | Rs.20250 |
| b. Printing expenses of MOA, AOA | Rs.35800 |
| c. Legal charges for drafting MOA, AOA | Rs.46000 |
| d. Underwriting commission | Rs.92500 |
| e. Advertisement cost | Rs.1,08,000 |
| f. Expenditure on the refund of the amount of over subscription of shares | Rs.1,00,000 |

Beside the company has incurred the following expenses before the commencement of business.

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|---|---------------|
| i. Preparation of feasibility report (the work is undertaken by the assessee) | Rs. 1,89,000 |
| ii. Preparation of the project report (the work is undertaken by an approved concern) | Rs. 196,000 |
| iii. Expenditure on conducting market survey for establishing company
(The work is undertaken by an agency which is not approved for this purpose) | Rs. 63500 |
| iv. Legal charges for entering into joint venture with Recksons Company | Rs. 4,53,000 |
| v. Engineering services in connection with erection of plant&machinery | Rs.2,92,000 |
| vi. Cost of plant and machinery | Rs.87,90,000. |

Determine the amount deductible u/s 35D for the Assessment year 2019-20 and 2020-21 assuming the following figures.

	On 31 st March 2017-18	On 31 st March 2018-19
Cost of fixed assets	75,00,000	98,75,120
Share capital	26,00,000	58,00,000
Long term borrowing from a financial institution	9,10,000	32,00,000

8. Determine the value of following retirement benefits

(5X2=10)

- a. Mr Rajan joined the service on 1st June 1995, he retired from service on 17th Nov 2018 and received Rs. 15,25,000 as gratuity. At the time of he's retirement, his basic salary was 80000 per month and DA was 75,000 per month. Compute the amount of gratuity exempt from tax and the amount to be included in gross salary if he's covered under payment gratuity act.
- b. Mrs.Sushi retired on 15th April 2019 from HUL company, she was entitled to a pension of Rs. 8500 per month. At the time of retirement she got 75% of the pension commuted and received Rs. 5,20,000 as commuted pension. Compute the taxable portion of the commuted pension if
 - i. He receives gratuity
 - ii. He doesn't receive gratuity

9. Mr .Naik submits the following information relevant for the assessment year 2019-20.

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Particulars	Profits	Losses
Salary income	1,42,000	
Income from House property (after standard deduction Property: House A House B House C	1,15,000	1,17,000 3,21,000
Profits and gains from business or profession: Business A Business B Business C(speculative) Business D(speculative)	1,08,000 1,11,000	1,18,000 1,23,000
Capital gains: Short term capital gains Short-term capital gains Long-term capital gains on sale of building	1,06,000 12,500	1,28,000
Income from other sources: Income from card games Loss from card games Loss on maintenance of race horses Interest on securities	1,08,000 1,04,000	1,07,010 1,06,000

Determine the net income of Mr. Naik for the assessment year 2019-20.