

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
Post-Graduate Dept. of Commerce
M.Com (Part-II), Semester -III, Semester End Examination, January 2021
COO 314: Direct Taxes (0A-18A)

Duration: 2hrs

Max Marks: 40

Instruction:

- 1) Start each question on fresh page.
- 2) Figures to the right indicate maximum marks.

Q.I Answer the following in 50-80 words each

(5x2=10)

1. For the A.Y 2020-21, Rishi is a non-resident in India. From the following information, find out his income chargeable to tax for the A.Y 2020-21.

- a. Royalty received by him outside India from the GOI Rs.8,17,000
- b. Technical fees received from A ltd (an Indian company) in Germany for advice given by him in respect of a project situated in Iran Rs.1,17,000
- 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 controlled partly in Sri-Lanka and partly in India) Rs.2,30,000
- d. Income from a business connection in India (it is received outside India) Rs.1,50,000

2. Explain profit in lieu of salary.

3. In computing the income from house property what deductions are allowed from the net annual value?

4. When is the income chargeable under Other Sources?

5. Explain the term 'Tax Haven'

Q.II. Answer ANY 3 of the following in 200-220 words each

(3x10=30)

1. Explain valuation of ANY 4 tax-free perquisites. **10**

2. i. When will the 'book profits' of a company deemed to be the total income of the company for the purposes levy of MAT U/s 115JB? section 115JB? **05**

ii. Indicate briefly the points to be taken into account while preparing annual accounts for the purpose of MAT. **05**

3. Ganesh has two houses, both of which are self-occupied. The particulars of the houses for the P.Y.2019-20 are as under.

| Particulars | House I | House II | House III |
|---|-----------|-----------|-----------|
| Municipal Value p.a | 1,00,000 | 1,50,000 | 2,00,000 |
| Fair rent p.a | 75,000 | 1,75,000 | 1,90,000 |
| Standard rent p.a | 90,000 | 1,60,000 | 1,80,000 |
| Date of completion | 31.3.1999 | 31.3.2001 | 1.4.2010 |
| Municipal taxes paid during the year | 12% | 8% | 10% |
| Interest on money borrowed for repair of property during the current year | - | 55,000 | 40,000 |

Compute Ganesh's income from house property for A.Y. 2020-21 and suggest which house should be opted by Ganesh to be assessed as self-occupied so that his tax liability is minimum.

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4. i. A Sole Proprietary concern, whose WDV of block of asset as on 01-04-2019 carrying 15% rate of depreciation is Rs.3,00,000, purchased another asset of same block on 15/10/19 for Rs.1,00,000. The said concern is succeeded by the company on 1/11/19. Compute depreciation available to Proprietary concern and to the company for A/Y 2020-21.

06

ii. B, for his business purposes, keep on commuting to and from India. He leaves India on 18th April, 2019 and then comes back to India on 9th January, 2020. His stay in India during earlier years is as follows: 2018-19: Nil; 2017-18: 54 days; 2016-17: 162 days. Prior to this, he never went out of India. Determine his residential status for the previous year 2019-20.

04

5. Mrs. Raksha Mathur receives the following gifts during the previous year 2019-20.
- On April 02,2019, she gets a gift of a plot of land from his grandfather (stamp duty value of the property is Rs. 10,00,000).
 - On June 30,2019, Mrs. Raksha Mathur gets by gift a commercial flat from the elder brother of his father-in-law (stamp duty value is Rs.25,00,000).

- iii. On October 6, 2019, Mrs. Raksha Mathur gets a gift of Rs. 2,00,000 (cash gift of Rs. 25,000 and gift of work of art whose market value is Rs. 1,75,000) from a notified public charitable institution.
- iv. Mrs. Raksha on December 11, 2019 a house property under a will of a person known to her. The stamp duty value is Rs. 15,40,000.
- v. On January 1, 2020, Mrs. Raksha Mathur purchases a commercial property of Rs. 16,00,000 (stamp duty value is Rs. 16,75,000)
- vi. On February 19, 2020, Mrs. Raksha Mathur gets a gift of gold ring from a cousin of her mother-in-law. The fair market value is Rs. 20,000.
- vii. On March 31, 2020, Mrs. Raksha Mathur receives a shop (situated in Jammu) by way of gift from a friend (stamp duty value is Rs. 50,000).
- viii. On March 31, 2020, Mrs. Raksha Mathur receives a small plot of land by way of gift from a cousin of Mr. Mathur (stamp duty value is Rs. 44,000)

Compute the amount chargeable to tax in the hands of Mrs. Raksha Mathur under the head "Income from other sources" for the A.Y 2020-21. 10

6. Jason purchases a house property for Rs. 30,000. He gets the first floor of the house constructed in 1987-88 by spending Rs. 40,000. On September 1, 2000, he enters into an agreement for sale of the property to Mr. Kapoor and receives Rs. 5,00,500 as advance. Mr. Kapoor could not, however, keep his promise and advance of Rs. 5,00,500 given by him was forfeited by Mr. Jason. Mr. Jason dies on 15 January 2001 and the property is transferred to Mrs. Jason by his will. Mrs. Jason spends Rs. 30,000 and Rs. 26,700 during 2003-04 and 2011-12 respectively for renewals/reconstruction of the property. Mrs. Jason sells the house property for Rs. 31,00,000 on March 15, 2020 (brokerage paid by Mrs. Jason is Rs. 11,500). The fair market value of the house as on April 1, 2001, is Rs. 2,60,000.

You are required to compute the capital gains for the A.Y 2020-21. 10

| Financial Year | Cost Inflation Index | Financial Year | Cost Inflation Index |
|----------------|----------------------|----------------|----------------------|
| 2001-02 | 100 | 2011-12 | 184 |
| 2002-03 | 105 | 2012-13 | 200 |
| 2003-04 | 109 | 2013-14 | 220 |
| 2004-05 | 113 | 2014-15 | 240 |

| | | | |
|---------|-----|---------|-----|
| 2005-06 | 117 | 2015-16 | 254 |
| 2006-07 | 122 | 2016-17 | 264 |
| 2007-08 | 129 | 2017-18 | 272 |
| 2008-09 | 137 | 2018-19 | 280 |
| 2009-10 | 148 | 2019-20 | 289 |
| 2010-11 | 167 | 2020-21 | 301 |

***** ALL THE BEST *****