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M.B.A.

NOV 2009

**(304 B) DIRECT TAXATION****(New Syllabus - 2008 Pattern)****Time : 3 Hours]****[Max. Marks : 70****Instructions to the candidates:**

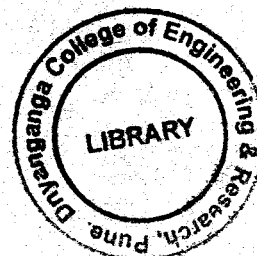
- 1) *Question No. 1 is compulsory which carries 10 marks.*
- 2) *Attempt any four questions from the rests Q.No. 2 to Q.No. 7 carry 15 marks each.*
- 3) *Questions are set for the assessment year 2009-10.*

**Q1) Answer the following questions. (Any Five)****[10]**

- a) Explain the term 'Deemed Assessee'.
- b) Define the term 'Person'.
- c) What do you mean by the 'Loss Return'?
- d) Define the term 'Assessment Year'.
- e) Explain the concept of 'Profession' and 'Vocation' as given in Income Tax Act.
- f) State various conditions to be satisfied before any income to be brought under the head 'House Property Income'.
- g) What are the conditions to be fulfilled before any income liable to be tax as 'Capital Gain'?

**Q2) a) Define the term salary as given u/s 17(1) of income tax act.****[5]**

- b) State various types of income which are totally exempt from taxation u/s. 10. (Give at least 10 such instances).

**[10]****Q3) a) Discuss the treatment of interest paid during the preconstruction period.****[5]****P.T.O.**

- b) Mr. Kardata submits following details in respect of capital Gain transaction for the Ass. Year 2009-10. Calculate Capital Gain chargeable to tax. [10]

Assets	Cost of Acquisition	Fair Market Value on 1.4.81	Sales Proceeds
	Rs.	Rs.	Rs.
Goodwill	-	40,000/-	4,00,000/-
Tenancy Rights	-	1,00,000/-	6,00,000/-
Route permit	-	50,000/-	5,00,000/-
Equity shares	70,000	50,000/-	6,00,000/-

Other Data -

- Equity shares were purchased in 1978 and are listed on Recognised Stock Exchanges.
- Cost Inflation Index Relevant to the transaction is 582.

- Q4) a) State various provisions in respect of set off and carry forward of losses in Income Tax Act. [5]

- b) Miss Fian submit following particulars for the previous year 2008-09. Calculate income chargeable to tax under House Property heads of Income. [10]

Particulars	Rs.
1. Municipal Valuation	1,80,000/-
2. Fair Rental Value	1,85,000/-
3. Standard Rent	1,75,000/-
4. Property let out at a monthly Rent	13,000/-
5. Vacancy period in the Previous Year	2 months
6. Rent not paid by the tenant	13,000/-
7. Municipal Taxes paid by the tenant	8,000/- p.a.
8. Interest on loan taken from her employer remain unpaid	1,53,800/-

Calculate income from let out property.

**Q5) a)** Who is liable to pay 'Advance Tax'? State various instalments and the due dates for the payment of Advance Tax. [5]

**b)** M/s X Ltd. is engaged in the business of carriage of Goods. On April 1, 2008, it owns 10 Trucks (6 out of which are Heavy Goods Vehicle). On May 6, 2008, one of the Heavy Goods Vehicle is sold by X Ltd. to purchase a light goods vehicle on May 10, 2008 which is put to use only from June 17, 2008. Find out the net Income of the company for the Assessment Year 2009-10 from the following : [10]

<u>Particulars</u>	<u>Rs.</u>
Freight Income	8,90,000/-
<u>Less :</u> Operational Expenses	6,40,000/-
Depreciation u/s 32	1,90,000/-
Other Office Expenses	15,000/-
<b>∴ Net Profit</b>	<b>45,000/-</b>
<u>Add :</u> Non Operating Income (Computed)	70,000/-
<b>∴ Total Income</b>	<b><u>1,15,000/-</u></b>

**Q6)** Mr. Taxman is employed in m/s Taxplan Ltd. (Pune) as a Finance Manager. He received following emoluments for the previous year 2008-09. Calculate Taxable Income from salary. [15]

1. Basic Salary Rs. 12,500/- p.m.
2. Dearness Allowance 30% of Basic salary  
(Participatory in computation of Retirement Benefits)
3. City Compensatory Allowance Rs. 850/- p.m.
4. Children Education Allowance Rs. 300/- p.m.  
(Mr. Taxman is having 2 son and 1 daughter studying in school)
5. House Rent Allowance Rs. 1500/- p.m.
6. He contribute Rs. 2,000/- p.m. to a Recognised provident fund to which an employer gives equal contribution p.m.
7. Interest @ 12% p.a. amounting to Rs. 14,400/- p.a. is received on provident fund accumulation during the previous year.
8. Received Rs. 18,000/- towards reimbursement of Hospital Bill of his wife.

9. Profession Tax Rs 3,300/- paid by employer.
10. He has taken a L.I.P. of Rs. 1,00,000/-, the premium of Rs. 14,800/- paid by employer.
11. He stays in a house at Pune paying a rent of Rs. 4,500/- p.m.
12. Income Tax of Rs. 12,000/- paid by employer.

- Q7)** a) What are the consequences of Non payment of Advance Tax? [5]
- b) Write a note on Minimum Alternative Tax. [5]
- c) Give the list of transaction for which Cost Inflation Index Rule is not applicable. [5]

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