

Roll No.

BBA-503(N)

**B. B. A. (Fifth Semester)
EXAMINATION, Dec., 2019**

(New Course)

Paper Third

INCOME TAX LAWS AND ACCOUNTING

Time : Three Hours]

[Maximum Marks : 70

Note : Attempt questions from all Sections as directed.

Inst. : The candidates are required to answer only in serial order. If there are many parts of a question, answer them in continuation.

Section—A

(Short Answer Type Questions)

Note : Attempt all questions. Each question carries 3 marks.

1. (A) Give the heads of income to compute Gross Total Income of an assessee.
- (B) Distinguish between Direct Tax and Indirect Tax. Is income tax an indirect tax ?
- (C) Distinguish between Previous year, Assessment year and Financial year.

- (D) Mr. James is a resident in India aged 63 years who earned an agricultural income of ₹ 30,000 during the previous year 2018-19. Compute tax liability of Mr. James assuming that he has non-agricultural income of ₹ 4,00,000.
- (E) What do you mean by exempted income ? Give the names of any *three* exempted incomes which may be earned by an individual.
- (F) From the following information, compute the exempted amount of House Rent Allowance of Mr. Ramendra Khandekar who resides at Kanpur for the assessment year 2019-20 :

	I (₹)	II (₹)
Salary per month	1,80,000	1,20,000
House Rent Allowance received per month	21,000	6,000
Rent actually paid per month	15,000	19,200

- (G) If let out house remains vacant for part of the previous year, how will you treat it while computing the taxable income from house property ?
- (H) Give the names of any *three* expenses which are fully disallowed in the assessment of business.
- (I) What are the provisions of Income Tax Act, 1961 relating to carry forward and setoff of long-term capital loss and short-term capital loss.
- (J) Mention the various kinds of securities.

The following items have been brought forward from the preceding assessment year 2018-19 :

	₹
Loss from Radio Business	46,000
Unabsorbed depreciation	10,000
Speculation loss	32,000
Short-term capital loss for the year 2014-15	41,000
Long-term capital loss for the year 2015-16	39,500
Brought forward loss from house property	30,000

Current year's depreciation amounted to ₹ 5,000.

You are required to compute Mr. Sanjit's Gross Total Income, show the treatment of carry forward of losses.

- (v) ₹ 36,000, 10% (tax-free) listed debentures of a company.
- (vi) ₹ 40,000, 12% debentures of Goa Development Authority.

He took a loan to purchase Goa Development Authority debentures ₹ 20,000 @ 11% on which interest has become due but not yet paid in the previous year. Bank charged 2% as collection charges on the realisation of interest on all securities. Interest being payable in each case on 1st January and 1st July.

Calculate income from interest on securities under the head 'Income from other sources'.

9. Mr. Sanjit, a resident of India has the following particulars of his income for the assessment year 2019-20 :

	₹
Income from house let out (computed)	95,000
Profits from Radio Business	1,96,000
Interest from firm	18,000
Speculation Income	19,000
Short-term capital gains	32,000
Long-term capital gains	14,000

Section—B

(Long Answer Type Questions)

Note : Attempt any *two* questions. Each question carries 10 marks.

- What are the various types of provident funds of which a salaried employee can become a member ? Explain the provisions of Income Tax Act, 1961 relating to each.
- When is an individual said to be (a) Resident, (b) Not ordinarily Resident and (c) Non-resident in India for income tax purposes as per Income Tax Act, 1961 ? Explain.
- Mr. Paritosh Verma is the owner of house property in Delhi. Its Municipal Valuation is ₹ 7,50,000; Fair Rent is ₹ 10,00,000; Standard Rent is ₹ 9,00,000. It has been let out for ₹ 9,00,000 per annum. The municipal tax payable by the owner comes to ₹ 1,00,000 but the landlord has taken an agreement from the tenant stating that the tenant would pay the tax directly to the municipality. The landlord, however, bears the following expenses on tenant's amenities under an agreement :

	₹
Water charges	10,000
Lift maintenance	10,000
Lighting of stairs	8,000
Gardener's salary	12,000

The landlord claims the following deductions :

	₹
Repairs	3,00,000
Land Revenue	10,000
Collection charges	20,000
Legal expenses incurred in connection with the purchase of land on which the house is built	2,40,000

Compute the taxable income from house property for the assessment year 2019-20.

5. Mrs. Veena Mazumdar is an employee getting a monthly salary of ₹ 2,00,000 plus a dearness pay of ₹ 20,000 per month. She contributed 14% of her salary and dearness pay to a provident fund to which her employer contributes an equal amount. Interest on the provident fund is determined @ 12% per annum which amounted to ₹ 1,44,000 for the previous year. She also gets a house rent allowance of ₹ 8,000 per month. She has actually paid ₹ 24,000 per month as the rent of the house occupied by her for her residence. What will be her taxable salary for the assessment year 2019-20 if the provident fund is :

- Statutory provident fund
- Recognised provident fund
- Unrecognised provident fund ?

Section—C

(Long Answer Type Questions)

Note : Attempt any *two* questions. Each question carries 10 marks.

- What are the deductions that are expressly allowed in computing the income from the business under the Income Tax Act, 1961 ? Explain.
- Explain the procedure relating to computation of capital gains in the following cases :
 - Computation of capital gains in case as depreciable assets on which depreciation is allowed on the basis of written down value method.
 - Computation of capital gains in case as depreciable assets on which depreciation has been claimed on the basis of straight line method.
- What do you mean by income from other sources ? Explain any *ten* items of income which are included under the head "Income from other sources".

Or

Mr. Damodar Dass Chakraborty has the following investments in the previous year ended on 31st March, 2019 :

- ₹ 25,000, 12% Haryana State Electricity Board Bonds.
- ₹ 20,000, 13% Allahabad Development Bonds.
- Family Pension ₹ 24,000.
- ₹ 1,980 received interest on tax-free secured securities of Chits India (Private) Ltd. Company.