



SDV – 08

M.Com. (Semester – III) Examination, November 2012

ACCOUNTING AND FINANCE

CO 3A3 : Direct Taxes

Duration : 2 Hours

Max. Marks : 50

Instructions : 1) All questions are compulsory.

2) Figures to the right indicate marks.

1. Answer the following :

(5x2=10)

- a) Explain the tax treatment of Leave Salary for Govt. and Non-Govt. employee.
- b) What do you mean by Defective or incomplete return ?
- c) Differentiate between tax planning and tax management.
- d) What is additional depreciation ? When it can be claimed ?
- e) Mr. John is the owner of a house which is let-out at a rent of Rs. 5,000 per month. The municipal taxes are equal to 10% of the rent received. Compute the annual value of the house, if
 - i) The municipal taxes are paid by Mr. John, and
 - ii) $\frac{1}{2}$ of the municipal taxes are borne by the tenant.

2. a) Discuss the deduction available for industrial undertakings u/s 80 IB.

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OR

b) Explain the provisions with respect to capital gains arising from transfer of land used for agricultural purposes u/s 54 B.

3. a) Explain the tax planning aspect with reference to employee's remuneration.

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OR

b) Explain the tax planning aspect with reference to owning or leasing an asset.

4. a) Explain the following :

- i) Clubbing of income of minor child
- ii) Chargeability under the residual head of income.

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OR

P.T.O.



- b) Urvashi purchases property on 1st April 1978 for Rs. 95,000. She added two rooms to this house by spending Rs. 45,000 on 31st August 1982. She enters into agreement for sale of the property to Shweta on 1st November 1982 and received Rs.10,000 as advance. Shweta could not keep her promise and the advance of Rs.10,000 given by her is forfeited by Urvashi. Later on she gifts the property to her friend Nassim on 15th May 1984. Nassim added second floor to this house by spending Rs. 1,25,000 on 16th June 1984. Fair Market Value of the house on 1st April 1981 is Rs. 2,45,000. Nassim enters into an agreement with Swapnil to sell his house on 1st December 2011 for Rs. 30,75,000. You are required to compute the capital gains for the year ended on 31st March 2012.

Year	Cost Inflation Index
1981 - 82	100
1982 - 83	109
1983 - 84	116
1984 - 85	125
1985 - 86	133
1986 - 87	140
2009 -10	632
2010 -11	711
2011-12	785

5. a) Explain the following :

- i) Belated Return u/s 139 (4)
- ii) MAT u/s 115 JB.

OR

- b) Akhil is a Chartered Accountant in Vedanta Ltd., Mumbai and gets Rs. 44,000 per month as salary. He owns two houses, one of which is let out to Vedanta Ltd, which in turn provided the same to Mr. Akhil as rent-free accommodation.

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Determine the net income of Mr. Akhil for the A. Yr. 2012-13 taking into account the following information :

	House I (Rs.)	House II (Rs.)
Fair Rent	60,000	1,82,000
Annual Rent	63,000	1,84,000
Municipal Value	61,000	1,85,000
Municipal Taxes paid	14,000	40,000
Insurance	3,000	33,000
Land Revenue	7,500	24,000
Interest on capital borrowed by mortgaging House I (funds are used for construction of House II)	18,000	—
Unrealized rent of the previous year 2004-05	—	1,60,000
Unrealized rent of 2010-11	—	55,000
Nature of Occupation	Let out to Vedanta Ltd.	Let out to Mr. X for business
Date of completion of construction	March 1999	April 2001