

B - 703

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SDV - 36

[Total No. of Questions : 5]

M.Com. (Semester - III) Examination, Nov. - 2011

ACCOUNTING & FINACE

CO3A3 : DIRECT TAXES

Duration : 2 Hours

Total Marks : 50

Instructions: 1) All questions are compulsory.

2) Figures to the right indicate marks.

Q1) Answer the following : [5 × 2 = 10]

- State the conditions of claiming Depreciation and Additional Depreciation.
- What do you mean by Defective or incomplete return?
- Differentiate between tax planning and tax evasion.
- What are the due dates of filing income tax returns?
- Sujata Ltd is a retail distributor of clothes. During the year 2010 - 11, she sold goods of Rs. 35 lakhs and made a profit of Rs. 4 lakhs. Calculate the profit chargeable to tax under section 44AF under the head "Profits and Gains from Business and Profession".

Q2) a) Discuss the tax incidence in the hands of employees. [10]

OR

- Discuss the areas of corporate tax planning.

Q3) a) Discuss the provisions of set - off and carry forward of losses under the Income tax Act. [10]

OR

- Discuss the deductions available from Gross Total Income.

Q4) a) Mr Aditya owns the following assets as on 1st April 2010.

Asset	WDV as on 31 st March 2010	Rate of Depreciation
Furniture	10,00,000	15%
Buildings	5,50,000	10%
Computer	2,00,000	60%
Car	1,20,000	20%
Other Vehicles	50,000	25%
Plant & Machinery	6,25,000	25%

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During the year he purchased the following assets :

Date of Purchase	Asset	Cost	Rate of Depreciation
15 th October 2010	Motorcycle	42,000	25%
21 st July 2010	Furniture	50,000	15%
2 nd October 2010	Car	3,80,000	25%

Determine the depreciation for the Assessment Year 2011-12, assuming that the assets purchased during the year are put to use on the same day. [10]

OR

b) On 1st April 1976, Anurag purchases a house property for Rs. 1,00,000. He sells the property to Beena on 1st November 1983 and receives an advance of Rs. 20,000. Beena could not keep her promise and the advance amount is forfeited by Anurag. Later on, he gifts the property to his friend Nassim on 15th May 1985. The following expenses are incurred by Anurag & Nassim for renewals of the property:

	Rs.
Additions of two rooms by Mr Anurag during 1978-79	35,000
Addition of first floor by Mr Anurag during 1983 - 84	45,000
Addition of second floor by Mr Nassim during 1990 - 91	1,25,000

Fair market value of the property on 1st April 1981 is Rs. 2,45,000.

Nassim enters into an agreement to sell the property for Rs 8,50,000 to Siddharth on 1st April 1994 after receiving an advance of Rs 50,000. Siddharth could not pay the balance, hence Nassim forfeits the advance amount. Finally, Nassim sells the property to Sharon for Rs 23, 75,000 on 1st December 2010. Compute the capital gain chargeable to tax in the hands of Nassim for the A. Yr. 2011 - 12.

COST INFLATION INDEX

1983-84	116
1984-85	125
1985-86	133
1990-91	182
1991-92	199
2009-10	632
2010-11	711
1981-82	100
1982-83	109
1994-95	259

- Q5) a) Abhilash is a Chartered Accountant in Vedanta Ltd. Mumbai and gets Rs. 24,000 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 Abhilash as rent - free accommodation.

Determine the net income of Mr Abhilash for the A.Y. 2011-12 taking into account the following information. [10]

	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	3000	33,000
Land Revenue	7500	24,00
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

OR

- b) Mr A furnishes you the following information for the year ending 31st March 2011,
 Income from plying of vehicle (Computed as per books)
 (He owned 5 heavy goods vehicle throughout the year) Rs 2,10,400
 Income from retail trade (computed as per books) (Gross turnover Rs 21,70,000)
 Rs 75,000
 Brought forward depreciation for the assessment year 2010-11 Rs 1,00,000
 Deposited in PPF during the year Rs 1,00,000
 Compute his taxable income and tax liability for A.Y. 2011- 12 with reasons for your computation.

Asset	Cost	Rate
Buildings	100,000	10%
Computer	2,00,000	60%
Car	1,20,000	30%
Other Vehicles	50,000	25%
Plant & Machinery	5,25,000	25%

P.T.O.