

**G.V.M.'s G.G.P.R. College of Commerce & Economics, Ponda Goa**  
**M.Com Semester-II End Examination-May 2023**  
**COTS-413- Direct Taxes**

**Duration-02 Hours**

**Maximum Marks: 40**

- Instructions:**
1. This paper consists of six (6) questions carrying equal marks.
  2. Question No. 1 is compulsory.
  3. Answer any three (3) questions from 2,3,4,5 and 6.
  4. Each question carries 10 marks. Figures to the right indicate full marks.
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**Q.1. Answer the following questions :- (5x2= 10)**

- a) Define Gross Total Income.
- b) Residential status of a company.
- c) Explain Section 80E of Chapter VIA.
- d) Enumerate advance payment of tax with installment dates and percentages.
- e) Arun is entitled to a basic salary of ₹ 25,000 p.m. and dearness allowance of ₹ 5,000 p.m., 40% of which forms part of retirement benefits. He is also entitled to HRA of ₹ 10,000 p.m. He actually pays ₹ 10,000 p.m. as rent for a house in Delhi. Compute the taxable HRA.

**Q.2. Mr. Abhi is a sales manager in Wipro ltd. During the previous year 2022-23, he gets the following from Wipro ltd.: (10)**

Basic salary ₹ 25,000 p.m.

Dearness allowance (60% of which is part of retirement benefit) ₹ 10,000 p.m.

Entertainment allowance ₹ 8,000

Conveyance allowance ₹ 10,000 (just 30% is used for official purpose)

Children education allowance (for two children) ₹ 200 p.m. per child

Gift of Titan watch ₹ 3999

Rent free unfurnished accommodation at Delhi, the fair rent value of which is ₹ 84,000 p.a.

Motor car of 1.8 litre with driver both for official and private purposes

Loan of ₹ 2,00,000 @ 8% p.a. for construction of his house was given by the company. SBI rate of interest is 12% p.a.

Mr. Abhi contributes 20% of his salary to a recognised provident fund and the employer contributes 10%.

Mr. Abhi gifted ₹ 2,00,000 to Mrs. Megha (his wife) which she deposits the same in a bank @ 8 per cent per annum and it was received on 02/02/2023.

Yash is minor child of Mr. Abhi and Mrs. Megha. Yash has a bank deposit of ₹ 1,00,000 (rate of interest 8.25 per cent was received) which was gifted to him by his grandfather.

Interest on saving bank deposits of Mr. Abhi is ₹ 7,000

Compute his total income for the assessment year 2023-24, assuming Mr. Abhi:

- a) does not opt to be taxed under section 115BAC
- b) opts to be taxed under section 115BAC

**Q.3.** Shri Raman owns a big house (erection completed on March 31, 2009). The house has three independent units. Unit 1 (50 per cent of the floor area) is let out for residential purpose on monthly rent of ₹ 8,200. Unit 2 (25 per cent of the floor area) is used by Shri Raman for the purpose of his business, while Unit 3 (the remaining 25 per cent) is utilised for the purpose of his residence. Other particulars of the house are as follows: (10)

Municipal valuation: ₹ 60,000, fair rent: ₹ 70,000, standard rent under the Rent Control Act: ₹ 90,000, municipal taxes: ₹ 15,000, repairs: ₹ 4,000, interest on capital borrowed for renewal of the property: ₹ 36,000.

Shri Raman further furnished the following information relevant for the assessment year 2022-23:

**Profit and loss a/c for the year ending 31/03/2023**

Particular	₹	Particular	₹
Household expenses	11,200	Gross profit	2,69,000
Bad debts	600	Commission	5,000
Provision for bad debts	4,800	Sundry receipts	8,000
Fire insurance	1,000		
Salary to staff	8,000		
Salary to Raman	3,000		
Contribution towards Unrecognised PF	32,000		
Interest on overdraft from bank	6,000		
Interest on capital	13,000		
Depreciation on building and furniture	13,600		
Advertisement revenue expenses	3,800		
Expenses on neon sign board	1,000		
General expenses	4,700		
Net profit	1,79,300		
	<b><u>2,82,000</u></b>		<b><u>2,82,000</u></b>

Additional information:

- General expenses include personal expenses of ₹1,700.
- Business income of ₹3,000, accrued during previous year ending 31.3.2023 is not recorded in the Profit and loss A/c.
- Depreciation on building and furniture comes to ₹3,000 according to the tax provisions.

Determine the taxable income of Shri Raman for the assessment year 2023-24. Assume Raman does not opt to be taxed under section 115BAC.

**Q.4. Solve the following questions:**

**(2\*5= 10)**

a) Mrs. Sakhi acquired a residential house on 01.07.1998 for ₹ 9,00,000. She spent ₹ 1,60,000 on 01.02.2000 for the improvement of this house property. A further amount of ₹ 1,75,000 was spent by her on 30.07.2007 on improvement of the house. Mrs. Sakhi gifted the said property to her son Saksham on 15.11.2016. Saksham also spent the following amounts on improvement of the house:

On 21.02.2017 - ₹ 330000

On 31.09.2022 - ₹ 310000

Saksham sold the above house on 20.12.2022 for a sum of ₹ 71,00,000. Expenses on transfer were 2% of the sale consideration. Compute the capital gain for the assessment year 2023-24, assuming the fair market value of the house as on 01.04.2001 to be ₹ 1500000.

b) Ms. Rose owns the following machinery as on 1.4.2022:

Machinery	WDV as on 01.04.2022 (₹)	Rate of depreciation (%)
Machinery A	70,000	15
Machinery B	1,64,000	15
Machinery C	84,000	15

He acquires a new machinery i.e. machinery D for ₹ 60,000 on 02.11.2022

Machinery B and Machinery C are sold on 15.3.2023 for consideration of ₹ 1,80,000 and ₹ 40,000 respectively. Compute the depreciation for the assessment year 2023-24 and also indicate if there is any short-term capital gain/loss.

**Q.5. Answer the following questions :-**

**(5x2= 10)**

- a) State and explain any five areas for corporate tax planning.
- b) Describe the Types of Companies under Income Tax Act.

**Q.6. Explain set-off of losses and carry forward of losses under different heads.**

**(10)**

-----*Best of Luck*-----