

2024

DIRECT TAX - I — HONOURS

Paper : DSCC-4

Full Marks : 75

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Group - A

Answer **any three** questions.

1. (a) Mention the heads of income under which the following incomes will be taxable :
 - (i) Income from sale of house property.
 - (ii) Salary received from firm by a partner.
 - (iii) Monthly pension received by a retired person.(b) Determine the status of following persons :
 - (i) CAAVU, an alumni association of ex-students.
 - (ii) Ramakrishna Mission. 3+2
2. Mr. Soumen Kayal, a citizen of India, left India on May 2, 2023 and did not return back to India till March 31, 2024. His total income during the previous year 2023-24 was ₹ 16,55,300. He has no income from foreign sources. Determine his residential status with proper explanation for the assessment year 2024-25. 5
3. What is tax planning? Distinguish between tax avoidance and tax evasion. 2+3
4. State whether the following incomes are agricultural income or not :
 - (i) Dividend received from a company whose entire income constitutes agricultural income.
 - (ii) Profit earned from sale of agricultural land.
 - (iii) Interest on capital received by a partner from the firm whose entire income constitutes agricultural income.
 - (iv) Rent received from a land situated in India which is used for agricultural purposes by the tenant.
 - (v) Income from saplings and seedlings grown in nursery. 5

Please Turn Over

(1722)

5. Nilofar furnishes the following particulars for the year 2023-24 :

- (i) Purchased a house in May, 2014 at a cost of ₹ 2,00,000 and sold the same on November, 2023 for ₹ 6,50,000 (stamp duty value of the house on the date of sale ₹ 7,20,000).
- (ii) Purchased a residential house at Burdwan in March, 2024 at a cost of ₹ 3,65,000.

Compute her income from capital gains.

5

CII	2023-24 : 348;	2024-25 : 363;
	2013-14 : 220;	2014-15 : 240.

Group - B

Answer *any three* questions.

6. Write short notes on :

- (a) Profits-in-lieu of salary
- (b) Annual value of house property
- (c) Block of assets
- (d) Perquisites.

3+2+2+3

7. (a) Mrs. Sanjana furnishes the following particulars of her income for the financial year ending on 31.03.2024 :

- (i) Received family pension @ ₹ 5,000 p.m.
- (ii) Received dividend from Bharat Ltd., an Indian company, ₹ 10,000. Collection charges ₹ 100, Interest paid on capital borrowed for purchasing of such shares ₹ 2,200.
- (iii) Received interest of ₹ 5,000 on Post Office Savings Bank Deposit (single account in her name).
- (iv) Rent by way of letting Plant and Machinery along with the building (renting of building is not separable) ₹ 2,40,000; rent collection charges ₹ 15,000; Insurance premium ₹ 6,000 and depreciation on Building, Plant and Machinery ₹ 36,000.
- (v) Winnings from lottery (net after deduction of tax @30%) ₹ 70,000.

(b) Mr. Diptonil has received an arrear rent of ₹ 60,000 from his let-out house property at New Town on 25.10.2023. The property, however, was sold out by Mr. Diptonil on 30.06.2023. State the taxability of the amount in the hands of Mr. Diptonil. (2+2+1+2+1)+2

8. (a) Krittika is a General Manager in XYZ Ltd. The company has provided her with a rent free furnished accommodation in Bharatpur (Population 23 lakhs). She furnishes the following particulars :

- (i) Basic salary ₹ 30,000 p.m.
- (ii) Dearness allowance ₹ 10,000 p.m. (40% is considered for retirement benefits)
- (iii) Bonus ₹ 24,000 p.a.
- (iv) Cost of furniture provided by Co. ₹ 2,00,000.

Calculate the taxable value of the perquisite in the hands of Krittika for the assessment year 2024-25.

- (b) Soumyaditya is working in ABC Co. Ltd. The company purchased a motor car on 01.10.2021 for ₹ 7,50,000. On 01.01.2024, the company sold the same car to Soumyaditya for ₹ 2,80,000.

Compute taxable value of perquisite in the hands of Soumyaditya for the assessment year 2024-25.

- (c) Koel received Hostel Allowance for 3 children @ ₹ 500 p.m. per child. Calculate the taxable amount of Hostel Allowance. 5+3+2

9. (a) From the following information, compute allowable depreciation and capital gain (if any) for the previous year 2023-24 :

	<u>Plant & Machinery</u>	<u>Furniture</u>
W.D.V. as on 01.04.2023	₹ 6,00,000	₹ 2,00,000
Purchases during 2023-24	₹ 3,00,000	₹ 30,000
(out of purchase of Plant & Machinery, ₹ 2,00,000 purchased on 10.12.2023)		
Sale proceeds	₹ 2,00,000	₹ 2,50,000
Rate of Depreciation	15%	10%
Additional Depreciation	20%	—

All assets were put to use immediately.

- (b) Discuss the admissibility or otherwise of the following items in computing income under the head 'Profits and Gains of Business or Profession' :
- Cost of land purchased for carrying out in-house research relating to its business ₹ 5,00,000.
 - A machine worth ₹ 1,00,000 was purchased for scientific research relating to the business of the assessee.
 - Paid ₹ 25,000 in cash to a supplier. (4+3)+3

10. (a) From the following information, compute Gross Annual Value of the following let-out properties for the assessment year 2024-25.

	House – I	House – II	House – III
Municipal Value	75,000	80,000	85,000
Fair Rent	85,000	75,000	82,000
Standard Rent	85,000	70,000	NA
Annual Rent receivable	96,000	84,000	90,000
Vacancy period	1 month	3 months	1 month.

Please Turn Over

(1722)

- (b) Anupam, an employee of a private concern, retired on January 31, 2024 and his pension is fixed at ₹ 2,00,000 per month. He has received ₹ 18,00,000 as commuted value of 60% of his monthly pension in February, 2024. Calculate the taxable amount of commuted and uncommuted pension assuming that he has also received gratuity. 6+4

Group - C

Answer *any two* questions.

11. Mr. Sukanta Dhara is an employee of XYZ Ltd. He furnishes the undernoted particulars of his income for the previous year 2023-24. Compute his income from salary for the assessment year 2024-25 assuming that—

- (a) He has not exercised option for sec. 115 BAC;
- (b) He has exercised option for sec. 115 BAC (only changes to be mentioned, calculations not required)
- (i) Basic salary ₹ 1,70,000 p.m.
 - (ii) Dearness allowance @ 60% of basic salary (40% forming part of retirement benefits).
 - (iii) House rent allowance 15% of basic salary; he paid house rent @ ₹ 35,000 p.m. for his residence in Kolkata.
 - (iv) Medical allowance ₹ 5,000 p.m. (actual expenses ₹ 52,000).
 - (v) He and his employer each contributed @14% of salary to a Recognized Provident Fund (RPF).
 - (vi) Interest credited to RPF @11% p.a ₹ 5,28,000.
 - (vii) His personal electric bill amounts to ₹ 32,000 p.a. out of which he paid ₹ 12,000 and balance is paid by his employer.
 - (viii) A car of 20 HP is provided by his employer both for official and private purposes throughout the year. The running and maintenance expenses including driver's salary are met by employer.
 - (ix) He took a new life insurance policy of LIC on his own life during the year and premium of ₹ 48,000 paid by his employer.
 - (x) Professional tax paid by his employer ₹ 2,400.

13+2

12. Mr. Swarnabha Bala is the owner of three house properties in Bengaluru. The particulars regarding the house properties for the previous year 2023-24 are given below :

	House – I	House – II	House – III
Date of completion of construction	31.01.2023	01.06.2022	05.04.2021
How used	Tenant's Business	Tenant's Residence	Own Residence
	(₹)	(₹)	(₹)
Municipal Value	1,45,000	1,50,000	3,30,000
Fair Rent	1,44,000	2,20,000	3,80,000
Rent Received	1,32,000	1,70,000	—
Standard Rent	1,47,000	2,50,000	—
Interest on loan by mortgaging House no. 2	—	80,000	—
Vacant for	1 month	2 months	—

Additional information :

- Municipal tax is assessed at 10% of municipal value.
 - Mr. Bala took a loan of ₹ 5,00,000@ 12% p.a. for the purpose of construction of House-III. The amount was borrowed on June 1, 2018 and repaid the loan on September 17, 2024.
- Compute Income from House Property for the assessment year 2024-25 on the assumption that sec. 115 BAC is not applicable.

13. From the following particulars, compute Income from Business of Sri Somsuvra for the assessment year 2024-25 :

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Profit and Loss Account for the year ended 31.03.2024.

	₹		₹
To Opening Stock	20,000	By Sales	8,00,000
" Purchases	5,00,000	" Closing Stock	30,000
" Wages	30,000		
" Gross Profit c/d.	2,80,000		
	8,30,000		8,30,000
To Salaries	36,000	By Gross Profit b/d	2,80,000
" Provision for doubtful debts	4,000	" Dividend received	12,500
" Income tax	12,000	" Bad debt recovered	5,000
" General expenses	15,000	" Profit on sale of machinery	2,500
" Interest on capital	3,000		
" Donation	15,000		
" Depreciation	20,000		
" Net Profit	1,95,000		
	3,00,000		3,00,000

Additional Information :

- The opening stock was valued at 10% below cost.
- Sales include a sum of ₹ 10,000 representing the value of goods withdrawn by Somsuvra (cost of goods ₹ 12,000 and market value on the date of withdrawal ₹ 15,000).
- General expenses include ₹ 5,000 as fines paid to customs authority, ₹ 2,000 commission paid to a broker for arranging a business loan and ₹ 3,000 cost of neon sign board for advertisement.
- Depreciation as per Income tax rules ₹ 18,000.
- Out of debts recovered, only ₹ 2,000 were allowed as deduction earlier.
- Donations comprise ₹ 5,000 donated to a political party and ₹ 10,000 paid to PM's National Relief Fund.
- Theft of cash from cash box ₹ 2,000 was not debited to Profit and Loss account.