PRESIDENCY UNIVERSITY
BENGALURU

SCHOOL OF LAW

MID TERM EXAMINATIONS

Sem & AY: Odd Sem 2019-20

Course Code: BCL 201

Course Name: DIRECT TAXES

Program & Sem: B.Com.,LL.B.(Hons.) & III

Date: 16.10.2019

Time: 1.30 PM to 3.30 PM

Max Marks: 60

Weightage: 30%

Instructions:
  (i)   Use of non-programmable calculator is allowed.

Part A [Memory Recall Questions]

Answer all the Questions. Each Question carries four marks.   (3Qx4M=12M)

1. Discuss the different sources concerning income tax law in India

(C.O.NO.1) [Knowledge]

2. Define the term "Person" as per income tax law. Give examples.

(C.O.NO.1) [Knowledge]

3. Who is an Assessee? Explain with examples

(C.O.NO.1) [Knowledge]

Part B [Thought Provoking Questions]

Answer all the Questions. Each Question carries ten marks.   (3Qx10M=30M)

4. Who is an Ordinary Resident in India? Explain with examples.
   Mr. Rahim, a citizen of India went to Tokyo to join a course in Business Administration on 01-03-2018 and came back to India on 5th September, 2018. Determine his residential status for the A.Y 2019-20 assuming that he has never gone out of India before.

(C.O.NO.2) [Comprehension]

5. How is advance salary taxed in India?
   Mr. Sinha is working at a salary of ₹ 40,000 per month. On 1-6-2018 he received ₹ 50,000 as arrears of salary for the previous year 2011-12 due to retrospective increase in his salary. He has also drawn two month's advance salary for the financial year 2019-20. Out of his salary, he has deposited ₹ 5,000 monthly in public provident fund account in SBI. Compute his gross and net salary for the assessment year 2019-20 assuming that his salary remains constant for next three financial years.

(C.O.NO: 2) [Comprehension]

6. Mr. Gyan provides you the following particulars of his income for the previous year 2018-19

   a) Income from salary ₹ 5,00,000

   b) Interest on bank deposits net ₹ 60,000 (Tax deducted at source ₹ 6,000)

   c) Short term capital gain on sale of Equity shares ₹ 40,000

   d) Long term capital gain on sale of Equity shares ₹ 90,000

   e) Lottery income net ₹ 84,000 (Tax deducted at source ₹36,000)

   Required

   i) Compute his gross total income for the previous year 2018-19
   ii) Compute his tax payable for the previous year 2018-19

   (C.O.NO.3) [Comprehension]

Part C [Problem Solving Questions]

Answer the Question. The Question carries eighteen marks. (1Qx18M=18M)

7. Mr. Varun has joined Zee Limited in Mumbai with effect from 1st June 2018. He provides you the following particulars of his income for the assessment year 2019-20.

   a) Basic salary of ₹ 52,000 per month.
   b) With effect from 1st November 2018, his basic salary was increased to ₹ 55,000 per month.
   c) Dearness allowance 30% of basic salary.
   d) House rent allowance ₹ 12,000 per month. He is staying in his father's house who is paying a rent of ₹ 10,000 per month.
   e) Children education allowance ₹ 5,000 per month per child for his three children. However, he is paying school fee of ₹ 14,000 per child.
   f) Bonus declared by his employer ₹ 42, 000. However he was paid cash only ₹ 22,000 and ₹ 20,000 is due but not paid.
   g) He developed one software for Zee Limited for which he was awarded ₹ 30,000.
   h) He also received overtime allowance of ₹ 35,000.
   i) He has received uniform allowance of ₹ 5,000 per month, however he only could spend ₹ 50,000 for his uniform for the whole year.
   j) Tax paid by employer for his salary for the previous year 2018-19 amounting to ₹ 20,000.

   Required

   i) Compute his gross and net salary for the previous year 2018-19
   ii) Compute his tax payable the previous year 2018-19.

   (C.O.NO:3) [Application]

SCHOOL OF MANAGEMENT

GAIN MORE KNOWLEDGE
REACH GREATER HEIGHTS

Semester: Odd Sem 2019-20

Course Code:

Course Name:

Date:

Time:

Max Marks:

Weightage:

Extract of question distribution [outcome wise & level wise]

Q.NO.	C.O.NO (%age of CO)	Unit/Module Number/Unit /Module Title	Memory recall type [Marks allotted] Bloom's Levels	Thought provoking type [Marks allotted] Bloom's Levels	Problem Solving type [Marks allotted]	Total Marks
			K	C	A	
1	1	I	4			4
2	1	I	4			4
3	1	I	4			4
4	2	II		10		10
5	2	III		10		10
6	3	I		10		10
7	3	III			18	18
	Total Marks					60

K =Knowledge Level   C = Comprehension Level, A = Application Level

Note: While setting all types of questions the general guideline is that about 60%

Of the questions must be such that even a below average students must be able to attempt, About 20% of the questions must be such that only above average students must be able to attempt and finally 20% of the questions must be such that only the bright students must be able to attempt.

Annexure- II: Format of Answer Scheme

SCHOOL OF LAW

SOLUTION

Date:

Time:

Semester: III

Course Code: BCL 201

Course Name: DIRECT TAXES

Max Marks: 60

Weightage: 30%

Part A   (3Q x 4M = 12Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question
1	The income tax law in India consists of the following components: 1. Income tax Acts 2. Income tax rules 3. Finance Act 4. Circulars, notifications etc 5. Legal decision of courts	1 Mark one point	5 Minutes
2	The term "person" includes: 1. an individual; 2. a Hindu undivided family; 3. a company; 4. a firm; 5. an association of persons or a body of individuals , whether incorporated or not; 6. a local authority; and 7. every artificial juridical person not falling with in any of the preceding categories.	1/2 marks one point and 1.5 marks for example	5 Minutes
3	Assessee : Section 2(7) Every person in respect of whom, any proceeding under the act has been taken	3 Marks for definition, 1	5 Minutes

	for the assessment of his income or of the income of any other person in respect of which he is assessable or of the loss sustained by him or by such other person or the amount of refund due to him or to such other person may be called an assessee.	mark for example	

Part B

(3Q x 10M = 30 Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question
4	During the P.Y. 2018-19, Rahim was in India for a period of 208 days (26+31+30+31+31+28+31), and therefore he satisfies the basic conditions. As he satisfies both the additional conditions, he is ordinarily resident for the A.Y. 2019-20.	5 marks for theory and 5 marks for numerical	18 Minutes

5			5 marks for theory and 5 marks for numerical	18 Minutes

Salary	480,000
Arrears of salary	50,000
Advance salary	80,000
Gross salary	610,000
Standard deduction	(40,000)
Net salary	5,70,000

6		5 marks for gross total income, 5 marks for tax computation	18 Minutes

Prticulars of income	₹
Income from salary	500000
interest on bank deposits	66000
Short term capital gain on Equity	40000
Long term capital gain on Equity	90000
Lottery income	120000
Gross total income	816000

Prticulars of income	Tax
Income from salary	
interest on bank deposits	138200
Short term capital gain on Equity	6000
Long term capital gain on Equity	NIL
Lottery income	36000
Total tax	180200
Education cess	7208
Net tax payable	187408

Q No	Solution	Scheme of Marking	Max. Time required for each Question
7		9 marks for salary computation and 3 marks for tax	30 **Minutes**

Particulars of Income	₹
Basic salary	535000
Dearness Allowance	160500
HRA	120000
Children education allowance	148000
Bonus	42000
Award for software	30000
Overtime allowance	35000
Uniform aloowance	10000
Taxes paid	20000
Gross salary	1100500
Standard deduction	40000
Net salary	1060500

Computation of tax	₹
First 250000	0
next 250000	125000
next 500000	100000
balance	18150
Total tax	243150
less tax paid by employer	20000
Add education cess @4%	223150 8926
Net tax payable	232076

PRESIDENCY UNIVERSITY
BENGALURU

SCHOOL OF LAW

END TERM FINAL EXAMINATION

Semester: Odd Semester: 2019 - 20

Course Code: BCL 201

Course Name: DIRECT TAXES

Program & Sem: B.Com.,L.L.B. (Hons.) & III

Date: 20 December 2019

Time: 9:30 AM to 12:30 PM

Max Marks: 80

Weightage: 40%

Instructions:
(i) Read the all questions carefully and answer accordingly.
(ii) Use of Non-programmable calculator is allowed

Part A [Memory Recall Questions]

Answer all the Questions. Each Question carries 4 marks.   **(5Qx4M=20M)**

1. Explain Tax Planning and Tax Management with example.   (C.O.No.1) [Knowledge]

2. Explain briefly the Residential Status of HUF with examples.   (C.O.No.2) [Knowledge]

3. Describe briefly short term and long term capital gains?   (C.O.No.3) [Knowledge]

4. How clubbing provisions of income of minor is attracted?   (C.O.No.4) [Knowledge]

5. What is belated return? What is the time limit for filing such return?   (C.O.No.5) [Knowledge]

Part B [Thought Provoking Questions]

Answer all the Questions. Each Question carries 10 marks.   **(4Qx10M=40M)**

6. What is a capital asset? Explain with examples. Mr. Nivas sold his residential house for ₹7,50,000 in October, 2018. Indexed cost of this house was ₹ 2,80,000. He paid 4 % of sale as commission to broker. He purchased another house on 27th March, 2019 for ₹ 3,00,000. Compute his capital gains for the AY 2019-20 after deduction under section 54.
(C.O.No.3) [Comprehension]

7. Explain taxability of House Rent Allowance with example. Mr. Praveen works in a Multinational company. He received the following amounts from his employer during the previous year 2018-19. Basic pay ₹ 8000 p.m., House Rent Allowance ₹2400 p.m., Dearness Allowance ₹ 5,000 p.m. Medical Allowance ₹2,200 p.m., City Compensatory Allowance ₹ 800 p.m , Education allowance for 2 children (total) ₹ 800 p.m.   (C.O.No.3) [Comprehension]

Calculate his taxable salary for the assessment year 2019-20

8. Explain any five expenses which are allowed to be deducted from Profits and Gains of Business or Profession? Calculate the amount of depreciation on the assets of a Factory building from following: (C.O.No.3) [Comprehension]

W.D.V. on 01-04-2018 Rs: 18,00,000, Additions made on 01-06-2018 Rs: 16,00,000, Rate of depreciation 15% on diminishing balance method. The part of factory building which was destroyed by fire, for which the insurance company accepted a claim of Rs: 160,000. Scrap value realized amounting to Rs: 20,000

9. What is clubbing of income? Describe different situations where clubbing of income is attracted.
                                                                        (C.O.No.4) [Comprehension]

Part C [Problem Solving Questions]

Answer both the Questions. Each Question carries 10 marks. **(2Qx10M=20M)**

10. From the following, compute total taxable income of Mr. Bansal who joined service on 01-07-2018 for the A.Y. 2019-20:   (C.O.No.3&4) [Application]

   a) Monthly salary Rs: 30,000

   b) Lottery income net Rs: 7000 (TDS Rs: 3000)

   c) Dividend on preference share of an Indian company Rs: 8,000

   d) Deposit made in a bank (interest 5 %) Rs:20,000

   e) He owns a house, half of which is occupied by his son for his residence who is living separate from his father and the other half is let at Rs: 1,500 p.m. ; insurance premium Rs: 250; local taxes Rs:6,000

   f) He has share of income from a firm Rs:22,000

   g) Life insurance premium paid on own life Rs: 10,000 (Policy value Rs. 1,00,000)

11. How is annual value of a House Property computed? Mr. Mukim constructed one house in 2017. Half of the portion is let out and the remaining half is used for his residence. The following particulars are available: Municipal value ₹ 22,500; Rent received ₹13,000 ; Municipal taxes ₹3,500 ; Ground rent Rs;2500 ; Repairs ₹3,000 ; Interest on loan taken for construction ₹ 3,000. Compute income from house property of Mr. Mukim for the AY 2019-20 assuming all taxes and interest duly paid.   (C.O.No.3) [Application]

SCHOOL OF LAW

END TERM FINAL EXAMINATION

Extract of question distribution [outcome wise & level wise]

Q.NO.	C.O.NO (% age of CO)	Unit/Module Number/Unit /Module Title	Memory recall type [Marks allotted] Bloom's Levels	Thought provoking type [Marks allotted] Bloom's Levels	Problem Solving type [Marks allotted]	Total Marks
			K	C	A	
1	25%	I	4			4
2	33%	II	4			4
3	10%	III	4			4
4	20%	IV	4			4
5	25%	V	4			4
6	10%	III		10		10
7	10%	III		10		10
8	5%	III		10		10
9	40%	IV		10		10
10	33%	IV			10	10
11	10%	III			10	10
	Total Marks		20	40	20	80

K =Knowledge Level   C = Comprehension Level, A = Application Level

Note: While setting all types of questions the general guideline is that about 60%

Of the questions must be such that even a below average students must be able to attempt, About 20% of the questions must be such that only above average students must be able to attempt and finally 20% of the questions must be such that only the bright students must be able to attempt.

I hereby certify that all the questions are set as per the above guidelines.

Faculty Signature:

Reviewer Commend:

Format of Answer Scheme

SCHOOL OF ENGINEERING

SOLUTION

GAIN MORE KNOWLEDGE
REACH GREATER HEIGHTS

Semester: Odd Sem. 2019-20

Course Code: BCL-201

Course Name: Direct Taxes

Program & Sem: B.Com LLB (H) III Semester

Date: xx.12.2019

Time: 3 HRS

Max Marks: 80

Weightage: 40%

Part A   (0Q x 0M = 0Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question
1	Tax planning means planning to minimize the taxable income and tax payable there on such that full benefit may be claimed for every deduction, exemption, rebate and relief as intended by income tax law. A good tax planning should reduce litigation, should reduce tax liability and should be beneficial to the economy Tax management means effective implementation of tax planning by making timely investments, filing proper returns in time and paying proper taxes thereon.	3 Marks for explanation 1 mark for example	6 Minutes
2	A Hindu undivided family is said to be resident in India if control and management of its affairs is wholly or partly situated in India. A Hindu undivided family is non-resident in India if control and management of its affairs is wholly situated outside India. A resident Hindu undivided family is an ordinarily resident in India if the karta or manager of the family (including successive kartas) satisfies the two additional conditions as laid down by section 6(6)(b)	3 Marks for explanation 1 mark for example	6 Minutes
3	Short term capital assets – Any asset owned by an individual (taxpayer) for less than 3 years since the date of transfer/ownership is referred to as a short term capital asset. This duration should be less than 12 months in case of shares. Long term capital assets – Any asset owned by an individual (taxpayer) for more than 3 years since the date of transfer to	3 Marks for explanation 1 mark for example	6 Minutes

	his/her name is treated as a long term capital asset. This duration is taken as 12 months or more in case of shares.		
4	As per section 64(1A) income of minor child is clubbed with the income of his/her parent. Income of minor child earned on account of manual work or any activity involving application of his/her skill, knowledge, talent, experience, etc. will not be clubbed with the income of his/her parent. However, accretion from such income will be clubbed with the income of parent of such minor. Income of minor will be clubbed with the income of that parent whose income (excluding minor's income) is higher. If the marriage of parents does not sustain, then minor's income will be clubbed with the income of parent who maintains the minor. In case the income of individual includes income of his/her minor child, such individual can claim an exemption under section 10(32)) of Rs. 1,500 or income of minor so clubbed, whichever is less.	4 Marks	6 Minutes
5	The income tax law prescribes the 'due date' for filing of income tax returns by taxpayers. Different due dates are prescribed for different taxpayers. For taxpayers who are not subject to audit, such as salaried and small business taxpayers, the due date is 31 July. The taxpayers can file a belated return until the end of the assessment year or completion of the assessment, whichever is earlier.	2 Marks for each part	6 Minutes

Part B

(0Q x 0M = 0 Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question
6	A **capital asset** is defined to include property of any kind held by an assessee, whether connected with their business or profession or not connected with their business or profession. It includes all kinds of property, movable or immovable, tangible or intangible, fixed or circulating Selling price of the house 7,50,000 Less: Brokerage (30,000) Less Indexed cost (2,80,000) Long terrm capital gain 4,40,000 Less: Cost of new house (3,00,000) Taxable Capital Gain 1,40,000	3 Marks for theory and 7 Marks for Numerical	20 Minutes

7	An allowance granted to a person by his employer to meet expenditure incurred on payment of rent in respect of residential accommodation occupied by him is exempt from tax to the extent of least of the following three amounts: a)House Rent Allowance actually received by the assesse b) Excess of rent paid by the assessee over 10% of salary due to him c) An amount equal to 50% of salary due to assessee (If accommodation is situated in Mumbai, Kolkata, Delhi, Chennai) 'Or' an amount equal to 40% of salary (if accommodation is situated in any other place). Basic pay 96000 HRA (28800-26400) 2400 D A 60000 Medical allowance 26400 CCA 9600 Education allowance (9600-2400) 7200 Income from Salary 201600	3 Marks for theory and 7 Marks for Numerical	20 Minutes
8	[Section-30] : Rent, Rates, Taxes, Repairs and Insurance of Building used for the purpose of the business. [Section 31] : Repairs & Insurance Of Plant, Machinery & Furniture [Section 32] : Depreciation [Section 36(1)(i) to Section 36(1)(ix)] : Other Deductions [Section 37(1)] General Deductions **Computation of Depreciation** Computation of Depreciation Factory building : W.D.V on 1-4-2018 Rs: 18,00,000 Additions made on 1-6-2018 Rs: 1 6,00,000 ------------------ Rs: 34,00,000	3 Marks for theory and 7 Marks for Numerical	20 Minutes

	Less: Amount received from the insurance company Rs:160,000 Amount received from the sale of scrap Rs:20,000 Written Down Value of factory building for the AY 2019-20 Rs: 3220,000 Therefore, Depreciation @ 15% Rs: 4,83000		
9	**Clubbing of income** Clubbing of income means including the income of any other person in Assessee's total income. The Income-tax Act has specified certain cases where income of one person is statutorily required to be included in the income of another person if some conditions are satisfied. This inclusion is known as "Clubbing of Income". For Example, if a husband diverts some part of his income to his wife to reduce his tax burden. Then, such transferred income of a wife is added and taxed as income of husband only and not his wife. The clubbing provisions are applicable even if there is no intention to reduce tax liability.	3 marks for meaning and 7 marks for description	20 Minutes

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Part C   (0Q x 0M = 0Marks)

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Q No	Solution	Scheme of Marking	Max. Time required for each Question
10	**Computation of Total Income for the AY 2019-20** Income from salary (30,000 x 9) 270,000 Income from H.P. Gross Annual Value 36000 Less : Municipal Tax (6000) Net annual value 30000 Less : Standard Deduction 30 % 0f GAV (9000) Income from house property 21000 Income from business: Share from a firm Exempt	7 Marks for Gross total income and 3 Marks for deduction	20 Minutes

	Income from other sources: Lottery income 10,000 Dividend Exempt Interest on FD 1,000 11000 Gross Total Income 3,02,000 Less : Deduction under section 80 C 10000 Total Income 292000			
11	**Annual Value** of a home is the sum for which the **property** might reasonably be expected to be let out from year to year. So it is the notional rent which could be got if the **property** were to be rented. It is the inherent capacity of the **property** to earn income.Computation of Income from house property Let out portion: G Computation of Income from house property Let out portion: GAV (MRV =11250 or Rent received, whichever is higher) : 13,000 Less : municipal rent (½) : 1,750 Net Annual Value : 11,250 Deductions: 30% of annual value : 3375 Interest on loan taken for construction : 1,500 Income from let out portion 6,375 Self-occupied portion: Net Annual Value : Nil Deductions: Interest on loan taken for construction : 1500 Income from self occupied portion −1,500 Income from House Property 4,875	3 Marks for theory and 7 Marks for Numerical	20 Minutes	