

6/H-76 (xv) (a) (Syllabus-2019)

2 0 2 3

(May/June)

COMMERCE

(Honours)

(**Direct and Indirect Taxes**)

(BC-603)

(Under Revised Syllabus)

Marks : 75

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. (a) What is the meaning of 'income deemed to be received in India'? Explain. 5
- (b) Incomes of which funds are exempt u/s 10 (23C)? 6
- (c) Mr. X, a foreign citizen, came to India for the first time during FY, 2019-20 and stayed in India as follows :

<i>Previous Year</i>	<i>No. of Days Present in India</i>
2019-20	26
2020-21	15
2021-22	185

Determine the residential status of Mr. X for the AY, 2022-23. Also give explanation.

4

Or

(a) "All assesseees are persons but all persons are not assesseees." Explain giving appropriate examples.

5

(b) State with reasons the nature of the following :

5

(i) Annual payment made for trucks bought under hire purchase agreement that extends over many years

(ii) Amount of security deposit forfeited for non-compliance with terms and conditions of contract awarded

(iii) Lump sum payment received by an employee from his employer as damages for termination of his services

(iv) The money spent by a brewery company on publishing anti-prohibition literature

(v) A railway-passenger meets with an accident and became disabled. He receives compensation from the Indian Railways. Will your answer be different, if his disability is temporary?

(c) Write a note on cases where income is not deemed to accrue or arise from business connection.

5

2. (a) Define Profits in Lieu of Salary.

5

(b) Mr. R, an employee of Dhanbad [Population 15 lakhs] based company, furnishes the following :

	₹
Basic salary	1,20,000 p.m.
Bonus	1,20,000
Commission on turnover	4,20,000
Entertainment allowance	20,000 p.m.
Club facility	60,000
Transport allowance	3,000 p.m.
Rent free accommodation provided by employer. Employer pays lease rent	12,000 p.m.
Free education facility for 3 children	45,000
Gas, water and electricity reimbursed	33,600

Use of free car (> 1.6 Ltr.) for both office and personal purpose. Compute Taxable salary for the AY, 2022-23 assuming that he has opted not to be taxed u/s 115 BAC.

10

Or

(a) Define deemed owner of House Property.

5

(b) Mrs. P provides the following :

House	I	II
Municipal Valuation (₹)	4,20,000	3,50,000
Fair Rent (₹)	3,60,000	3,80,000
Standard Rent (₹)	4,40,000	3,20,000
Actual Rent (₹)	4,80,000	4,20,000
Current year's unrealised rent (₹)	40,000	35,000
Period of vacancy (months)	2	2
Municipal taxes (₹) :		
Paid	12,000	35,000
Due	30,000	10,000
Repairs (₹)	10,000	8,000
Insurance Premium (₹)	12,000	6,000
Other Expenses (₹)	8,000	10,000
Interest on House building advance (₹)	—	60,000

Determine Mrs. P's income from House Property. 10

3. (a) Discuss about the admissibility of the following items : 5

(i) ₹ 8 lakh given to an approved National Laboratory for carrying out research in an approved field of research

(ii) ₹ 6 lakh given to North-Eastern Hill University for carrying out research in an approved field of research but not connected to assessee's business

(iii) An expert from Germany was called who spent 10 days in company's research laboratory for which the company paid ₹ 20 lakh and spent ₹ 5 lakh for his stay in a five star hotel

(iv) Reasonable expenses incurred on Christmas celebration

(v) Bonus paid on the basis of an industrial award

(vi) Loss caused by white ants

(vii) Loss incurred on transfer of business assets

(viii) Salary paid outside India without deducting tax at source

(ix) Outstanding business payment of ₹ 5 lakh was made as ₹ 2.50 lakh through a bearer cheque and ₹ 2.50 lakh through real time gross settlement (RTGS)

(x) Agricultural produce was purchased from a cultivator paying him ₹ 0.30 lakh in cash.

(b) Distinguish Capital Gain from Income. Why is it important? 5

(c) Give any five examples of specified incomes which are taxable u/s 56(2) under the head Income from Other Sources. 5

(6)

Or

(a) Mr. X had following incomes during the Previous Year, 2021-22 :

- (i) Dividend declared by K. Ltd (an Indian Co.) as on 31.3.21 ₹ 60,000
- (ii) Dividend declared by R. Ltd (an Indian Co.) as on 31.3.22 ₹ 90,000
- (iii) Interim dividend received from Y. Ltd (an Indian Co.) as on 1.5.21 ₹ 30,000
- (iv) He won gold worth ₹ 10 lakh from Sikkim State Lottery
- (v) During March 2022, he earned ₹ 1,00,000 as prize money on horse races. These horses are owned by him and expenditure incurred on their maintenance amounted to ₹ 1,60,000

Compute income from other sources for the Assessment Year, 2022-23.

5

(b) Define transfer. Also state the transfers that are not regarded as transfer.

2½

(7)

(c) State whether the following items are deductible or not and why :

- (i) Brokerage paid on raising capital
- (ii) Subsidy received under export promotion scheme from Government
- (iii) Donation to a political party
- (iv) Provision for doubtful debts
- (v) Expenditure incurred out side India to promote the sales. However no sale was made during the relevant period
- (vi) Expenses on shifting industrial plant from urban to rural area
- (vii) Legal expenses paid to protect the building of the business
- (viii) Some amount paid to Employee Union Leader to call off the strike
- (ix) Wealth tax and GST
- (x) Fees paid to the lawyer for drafting Partnership Deed

7½

4. (a) Write a note as regards deduction in respect of Interest on loan taken for studies. 5
- (b) State the provisions of under Section 80DDB. 6
- (c) Is there any deduction available in respect of purchase of an electric vehicle? If so explain in detail. 4

Or

- (a) R and K are equal partners in a firm assessed U/S 184 provide the following profit and loss account for the year ended 31.3.2022 :

Profit & Loss A/c			
To Office Expenses	₹ 22,00,000	By Gross Profit	₹ 30,00,000
" Sundry Expenses	3,00,000	" Interest on Securities (Gross)	3,00,000
" Rent of Business Premises	1,00,000	" LTCG on Sale of a Plot	2,00,000
" Salary to K	6,00,000	" Net Loss c/d :	
" Commission to R	2,00,000	R	1,90,000
" Interest on Capital @ 16% p.a. :		K	1,90,000
K	1,60,000		3,80,000
R	3,20,000		
	<u>4,80,000</u>		
	<u>38,80,000</u>		<u>38,80,000</u>

Additional Information :

- (1) ₹ 1,00,000 donation to NEHU for approved scientific research
- (2) ₹ 50,000 donation to Kamakhya Devi temple notified u/s 80G
- (3) ₹ 5,000 expenses incurred for raising a loan from public financial institution
- (4) ₹ 25,000 interest outstanding on above loan
- (5) Salary, commission and interest on capital to partners have been paid as per Partnership Deed

Compute—

- (i) total income for firm;
 - (ii) business income of partners along with their tax liability, if any. 12
- (b) The total income of Mr. X (45 years) computed under the normal provisions of Income Tax Act, is ₹ 10 lakh. However, his adjusted total income u/s 115JC(2) amounted to ₹ 30 lakh. Calculate the ultimate tax liability of Mr. X for the Assessment Year, 2022-23. 3

5. (a) State the functions of GSTN. 3
- (b) Explain the registration procedure under GST Act. 6
- (c) (i) NEHU entered into a contract for repair worth ₹ 1 lakh. Finance Department of NEHU has made TDS from the payment. Is the TDS justified?
- (ii) Mr. S from Delhi supplies goods and his turnover is (1) ₹ 4 lakh to buyer in Shillong and (2) ₹ 3 lakh to buyer in Delhi. Is he liable for registration? 3+3
- Or
- (a) What is the negative list under GST Act? Elucidate. 3
- (b) Write a brief note on the exemptions to immovable properties. 3
- (c) (i) Determine the time of supply from the following : 3
- On 01.09.2022 ₹ 15 lakh sales order with ₹ 50,000. Advance received as evident from the seller's books
- On 15.10.2022 the goods were assembled, tested at site and buyer accepted the same

- On 31.10.2022 seller raised the tax invoice
- On 01.12.2022 seller received the balance payment
- (ii) Determine the place of supply from the following : 3
- Mr. X in Kolkata owns a farmhouse near Kaziranga National Park. The same was let out to Mr. Y from Shillong for holding a marriage event. He also provided him an event management service.
- (iii) Determine the value of supply, if a money changer Received € 10,000 from Mr. D for ₹ 7,74,000. RBI reference rate : € 1 = ₹ 77.67. 3
