

BCMCMC 331

Choice Based Credit System V Semester B.Com. Degree
Examination, February/March 2023
(2021 – 22 Batch Onwards)
DIRECT TAX – III (Group – I)

Max. Marks : 120

Time : 3 Hours

Instruction : Provide working notes wherever necessary.

SECTION – A

(4×6=24)

Answer any four of the following questions :

1. Write a note on deduction under Sec. 80DDB.
2. What is Double Taxation Avoidance Agreement (DTAA) ? State the benefits of DTAA.
3. Write a note on deduction Under Section 80 E.
4. The total income of Mr. Rakshith is Rs. 4,00,000. It includes long term capital gains Rs. 50,000 and short term capital gains from securities under Sec. 111 A Rs. 50,000. Find out his tax liability for the A.Y. 2022 – 23 as per existing tax regime.
5. A and B are equal partners in a firm with 'A' being a working partner. Their Profit and Loss Account for the year ended 31st March 2022 is given below :

Profit and Loss Account

Particulars	Rs.	Particulars	Rs.
To Advertisement	40,000	By Gross profit b/d	8,000
To Rent of business premises	35,000	By Interest on A's drawings	2,000
To Salary to partner A	4,000	By Net loss	80,000
To Interest on partners' capital @ 20%			
A	2,000		
B	4,000		
To Income tax	5,000		
	90,000		90,000

Compute Book Profit and Business Income of the firm for the A.Y. 2022 – 23.

P.T.O.



6. The total income of Shri Brahmarl Co-operative Society is Rs. 66,000 including LTCG of Rs. 25,000. Compute the Tax Payable by Shri Brahmarl Co-operative Society for the Assessment Year 2022 – 23.

SECTION – B

Answer any four of the following questions :

(4x12=48)

7. Explain the provisions regarding set off and carry forward of the following losses :
- Loss from house property.
 - Loss from speculative business.
 - Loss from non-speculative business.
 - Short Term Capital Loss.
 - Long Term Capital Loss.
 - Loss from lottery, card games, crossword puzzles, etc.
8. State the procedure for computation of 'Book Profit' of companies for the purpose of Minimum Alternate Tax u/s 115 JB.
9. Ms. Gargi made the following donations during the Previous Year 2021 – 22 :

Sl. No.	Particulars	Rs.
a	Donation to Swachha Bharat Kosh set up by the Central Government	2,00,000
b	Donation to National Fund for Control of Drug Abuse	3,00,000
c	Donation to an approved charitable institution	2,50,000
d	Donation to a local temple	35,000
e	Computers donated to an approved college	57,500
f	Contribution to a political party by cheque	55,000
g	Donation to a municipality for family planning	3,80,000

Her gross total income amounted to Rs. 60 lakhs. This included long term capital gain of Rs. 2 lakhs. During the year she paid LIC premium of Rs. 10,000 on her own policy and Rs. 50,000 towards education loan of her son (principal amount Rs. 30,000 and interest Rs. 20,000).

Calculate the deduction allowable to Ms. Gargi under Sec. 80 G.



10. The total income of Mr. Anklt (aged 59 years) is Rs. 1,03,00,200. It includes agriculture income Rs. 50,000, STCGs taxable at 15% Rs. 50,000 and winnings from lottery Rs. 5,00,000 (gross). Find out his tax liability for the A.Y. 2022 – 23 as per Existing Tax Regime.

11. X, Y and Z are partners in a firm. The Profit and Loss A/c of their partnership firm showed a net profit of Rs. 2,50,000 for the Previous Year 2021 – 22.

1) The following items were found debited to P & L A/c :

a) R.B.D. Rs. 2,000.

b) Salary to X Rs. 30,000.

c) Commission to Y Rs. 10,000.

d) Interest on partners' capital calculated at 18% p.a. :

X – Rs. 6,000

Y – Rs. 9,000

Z – Rs. 12,000.

e) Rent of business premises paid to Z Rs. 10,000.

2) The net profit was arrived at after crediting P & L Account in respect of interest charged by the firm Rs. 1,000 on X's drawings.

3) 'Y' incurred expenses of Rs. 2,000 for maintenance of his car used for attending day to day business of the firm.

4) 'Z' paid interest of Rs. 2,000 to the bank on the loan borrowed by him for investment as capital in the firm.

Compute business income of the firm and taxable income of partners from the firm under Sec. 28. All the partners are equal working partners.



12. Nandini Weavers Co-operative Society Kateel, Mangalore has the following incomes for the year ended 31st March 2022. Compute Total Income of the Society for the A.Y. 2022 – 23.

Sl. No.	Particulars	Rs.
a	Long term capital gain	22,000
b	Income from weaving with the aid of power	70,000
c	Income from collective disposal of labour of its members	17,000
d	Interest from co-operative society	32,000
e	Interest on deposit with central co-operative bank	18,000
f	Income from other business	70,000
g	Dividend from shares of Bank of Baroda	15,000
h	Donation to Kundapur Govt. Hospital for promotion of family planning	5,000

SECTION – C

Answer **any two** of the following questions :

(2×24=48)

13. Mr. Sanket (48 years) submits the following information for the A.Y. 2022 – 23 :

- Gross salary received Rs. 6,00,000.
- Mr. Sanket constructed a residential house property for self-occupation in 2012 with the help of loan borrowed from a commercial bank. For the current PY, the interest in respect of this loan amounted to Rs. 90,000. Mr. Sanket also paid municipal tax of Rs. 10,000 for self-occupied house in the current PY. His another house property was let out in the current PY for annual rent of Rs. 2,00,000. In respect of let out property, his tenant paid municipal tax of Rs. 10,000.
- The details of his business incomes and losses during the year are :
 - Income from non-speculative business Rs. 3,00,000.
 - Income from speculative business Rs. 20,000.
 - Loss from speculative business Rs. 30,000.
 - As a working partner in a partnership firm, he received his share of profit of Rs. 20,000 in total income of the firm [which is exempt u/s 10(2A)] and interest of Rs. 12,000 @ 12% p.a. on his capital in the firm.

- d) The details of his capital gains and losses during the year are :
- i) LTCG Rs. 60,000.
 - ii) LTCL Rs. 70,000 (Loss).
 - iii) STCG Rs. 20,000.
- e) His other incomes and losses during the year are :
- i) Interest on Savings Bank Deposit with a nationalized bank Rs. 9,000.
 - ii) Interest on POSB A/c Rs. 5,000.
 - iii) Income from units of Mutual Funds Rs. 6,000 (gross).
 - iv) Winnings from lottery (net) Rs. 42,000. He incurred Rs. 5,000 for the purchase of lottery tickets during the year.
 - v) Loss from card games Rs. 5,000.
- f) During the year he made the following payments :
- i) Medical insurance premium for self, spouse and children Rs. 28,000.
 - ii) Tuition fee of his son studying in IIT Delhi Rs. 20,000.
 - iii) Incurred Rs. 40,000 for the treatment of his mother aged 79 years suffering from specified disease. He received Rs. 20,000 from insurance company.
 - iv) Mr. Sanket has a dependent brother who is totally blind (severe disability).
 - v) He donated books worth Rs. 10,000 to a recognized school in Delhi and contributed Rs. 20,000 to Aam Aadmi Party (a political party) by cheque.

Compute his Total Income as per Existing Tax Regime.

14. Mr. Pavan (aged 55 years) submits the following particulars of his incomes and payments for the PY 2021 – 22.

- a) He is an employee of Reliance Industries Ltd. on a monthly salary of Rs. 1,00,000. During the year he paid Professional Tax of Rs. 2,400/-.
- b) He stays in a residential house property constructed by him in 2010. Interest on housing loan in respect of this property for the current PY amounted to Rs. 1,40,000. Mr. Pavan is a person with partial disability.

- c) During the year he made Long Term Capital Gains of Rs. 1,00,000 and Short Term Capital Gains of Rs. 50,000.
- d) His other incomes during the year are as given below :
- i) Dividend from Indian Company shares Rs. 10,000 (gross).
 - ii) Income from units of Mutual Funds Rs. 5,000 (gross).
 - iii) Interest on securities Rs. 20,000 (gross).
 - iv) Interest on deposits in Savings Account with Bank of Baroda Rs. 8,500.
 - v) Interest on POSB A/c Rs. 5,000.
 - vi) Interest on Fixed Deposit with SBI Rs. 10,000 (gross).
- e) He made the following payments during the year :
- i) LIC premium on own policy Rs. 10,000.
 - ii) Medical insurance premium on the health of self and family Rs. 30,000.
 - iii) Donation to Rajiv Gandhi Foundation by cheque Rs. 4,000.
 - iv) Interest on educational loan taken for higher education of his son Rs. 9,000.
 - v) Contribution to a political party by cheque Rs. 5,000.

Compute his total income and tax liability for the AY 2022 – 23 as per Existing Tax Regime and Alternative Tax Regime.

15. A, B and C are equal partners in a firm with C being a non-working partner. The Profit and Loss Account of the firm for the year ending 31st March 2022 is as under :

Particulars	Rs.	Particulars	Rs.
To Office rent	24,000	By Gross profit	4,00,000
To Office expenses	30,000	By Discount	12,000
To Salary	1,00,000	By Bad debts recovered allowed as business expense earlier	23,000
To Advertisement	15,000	By Bad debts recovered not allowed as business expense earlier	1,000
To Outstanding GST	20,000		
To Donation to Indian Institute of Technology, Bangalore (national eminence)	12,000		
To Customs duty paid	2,000		
To Bad debts	11,000		
To Sundry expenses	25,000		
To Depreciation	22,000		

To Interest on capital @ 12% p.a. :

A	50,000	
B	30,000	
C	20,000	
To Commission to C	6,000	
To Customs penalty paid	1,000	
To LIC premium on the lives of partners	2,000	
To Income tax paid	1,000	
To Net profit	65,000	
	4,36,000	4,36,000

Additional Information :

- Salary includes salary to 'A' Rs. 25,000.
- Depreciation and bad debts are excessive by Rs. 2,000 and Rs. 1,000 respectively.
- 'A' uses his own car to attend day to day business of the firm. He paid salary of Rs. 12,000 to his driver during the year.
- Office expenses include bonus to 'B' Rs. 2,000.
- Office rent was paid in cash in single payment.
- The firm earned LTCG Rs. 4,000 and STCG under Sec. 111 A Rs. 6,000 during the year.

Compute Total Income of the firm and share of each partner in total income of the firm under Sec. 10(2A).



16. The following is Profit and Loss Account of Shree Durga Ltd. for the year ending 31st March 2022 :

Particulars	Rs.	Particulars	Rs.
To Salaries and wages	2,70,000	By Gross profit	27,54,000
To Depreciation	9,10,000	By Amount withdrawn from general reserve	4,50,000
To Provision for loss of Subsidiary Co.	50,000		
To Customs duty paid	15,000		
To Proposed dividend	50,000		
To GST paid	20,000		
To Income tax paid	50,000		
To Fines and penalties paid	70,000		
To Transfer to general reserve	4,50,000		
To Provision for contingent liability	50,000		
To Net profit	12,69,000		
	32,04,000		32,04,000

Additional information :

a) The following losses have been brought forward by the Company from preceding Assessment Years :

Particulars of losses brought forward	For income tax purpose Rs.	For accounting purpose Rs.
Business loss of AY 2019 – 20	10,00,000	15,00,000
Unabsorbed depreciation of AY 2017 – 18	4,00,000	5,00,000

b) The Company has income from let out property of Rs. 1,00,000 during the year.

Compute total income, book profit and tax liability of the Company. Apply Minimum Alternate Tax under Sec. 115 JB of the Act. Turnover of the Company is less than 400 crores.