

P P SAVANI UNIVERSITY

Fifth Semester of B. Com. Examination

November 2021

SMBC3250 Direct Tax

26.11.2021, Friday

Time: 09:00 a.m. To 11:30 a.m.

Maximum Marks: 60

Instructions:

1. The question paper comprises of two sections.
2. Section I and II must be attempted in same sheets.
3. Make suitable assumptions and draw neat figures wherever required.
4. Use of simple calculator is allowed.

SECTION - I

- Q - 1 Explain / Answer (any FIVE) [05]
- (i) Step and Slab system of tax.
 - (ii) Previous year
 - (iii) Assessment year
 - (iv) Tax Evasion
 - (v) "Income from lotteries is not treated as income." - say True or False
 - (vi) "Income received from agricultural land situated in Pakistan is taxable" - say True or False
- Q - 2 (a) Give illustrations of income derived from land but not considered as agricultural income. [05]
- Q - 2 (b) Explain - Gross Total Income [05]
- OR
- Q - 2 (a) Explain provisions of Residential Status of an Individual [05]
- Q - 2 (b) Explain - Assessee [05]
- Q - 3 Profit & Loss Account for the year ended 31/03/2021 of Mr. X is as under. Compute his taxable income under the head "Income from Business or Profession". [15]

Debit		Profit & Loss Account		Credit	
Particular	Rs.	Particular	Rs.		
To Depreciation	8000	By Gross Profit	88000		
To Subscription	2000	By Profit on sale of Land	28000		
To Taxi Rent	7000	By Prize from Horse Race	16000		
To Bad Debt Reserve	3000	By Birthday gift	21000		
To Fitting charges of Machine	5000	By Bad Debt Recovered	5000		
To Loan Expenses	1000	By Bank Interest	2000		
To Legal Expenses	4000				
To Salaries	10000				
To Purchase of Stationery	15000				
To Loss due to theft	10000				
To Net Profit	95000				
	160000				160000

Additional Information.

1. Taxi rent includes Rs. 3000 for the Travelling Expenses of his family.
2. A cycle costing Rs. 3000 and Diamond (stock-in-trade) costing Rs. 7000 are stolen by a worker. This loss is debited to P & L A/c as theft.
3. The closing stock of un-used stationery is Rs. 2000.

4. Bad Debt recovered includes Rs. 3000 which is not allowed as bad debt in the past.
5. Allowable depreciation is Rs. 10000.
6. Audit fees Rs. 2000 is not recorded in the books.

OR

Q - 3 Mr. Y is practicing C.A. and keeps his accounts on cash basis. He furnishes the following [15] information for the year ended on 31/03/2021.

Debit		Profit & Loss Account		Credit	
Particular	Rs.	Particular		Rs.	
To Salaries	210000	By Professional Income			
To Stipend	42000	2018-19		20000	
To Rent	6000	2019-20		630000	
To Subscription	2000	By Salary from College		318000	
To Drawings	20000	By Rent from let-out house		12000	
To Motor-car Expenses	15000	By Bank Interest & Dividend		12000	
To Office Expenses	80000	By Short Term Capital Gain on Shares		20000	
To Taxes (including taxes of house given on rent)	8000	By Misc. Income		3000	
To Travelling Expenses	15000				
To Insurance premium	12000				
To Income Tax	5000				
To Net Profit	600000				
	1015000				1015000

Additional Information.

1. He owns a house which is let-out on a monthly rent of Rs. 1000. He has paid Rs. 3000 as its Municipal taxes.
 2. The 1/3rd use of Motor Car is personal. The WDV of the car as on 01/04/2020 is Rs. 200000. The rate of depreciation is 15 %. The depreciation has not been debited to P & L A/c.
 3. He has purchased National Savings Certificates worth Rs. 20000 on 01/03/2021.
 4. Insurance premium includes Rs. 8000 for Life Insurance.
- Compute the taxable income from business for the A Y 2021-22.

SECTION - II

- Q - 1 Answer the following Questions (Any Five) [05]
- (i) Define Capital Assets?
 - (ii) What is Total income?
 - (iii) "Income from lotteries is not treated as income." – say True or False
 - (iv) What do you mean by Casual Income?
 - (v) "Profit earned from gambling is included as income" – say True or False
 - (vi) What is Total income?
 - (vii) What are the provision regarding set-off of the Speculation losses?
- Q - 2 Discuss the provision of Income Tax Act, 1961 regarding set off of various losses? [10]
- OR**
- Q - 2 (a) How to Compute the Total Tax Liability? [05]
- Q - 2 (b) Write any five items under section 80 C of Income Tax Act, 1961. [05]
- Q - 3 How do you compute income under the head "Capital gain" [10]
- OR**
- Q - 3 Discuss in detail any four exemptions available under the head Capital Gains. [10]
- Q - 4 Attempt any one/two. [05]
- (i) Explain - Gross Total Income
 - (ii) Give the tax slabs as per the current finance bill for individual.
