

Total No. of Printed Pages—12

**6 SEM TDC DTAX-II 1 (Sp) N/O**

**2 0 1 7**

( May )

COMMERCE

( Speciality )

Course : 601

**( Direct Tax—II )**

Time : 3 hours

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

**Question No. 1 is common for both New and Old Courses**

( New Course )

Full Marks : 80  
Pass Marks : 24

1. (a) Write True or False : 1×4=4

- (i) The income earned from a smuggling business is taxable under the head of income from business and profession.

( 2 )

( 3 )

- (ii) Stock-in-trade, raw materials, consumable stores held by the assessee for his business and profession is capital asset.
- (iii) Short-term capital loss can be set off from either short-term capital gain or long-term capital gain.
- (iv) Income from card game, horse race, gambling is taxable under the head of income from other sources.

(b) Fill in the blanks : 1×4=4

- (i) The maximum qualifying amount of deduction u/s 80C is \_\_\_\_\_.
- (ii) Deduction under Section 80D for health insurance premium paid can be claimed by an individual and \_\_\_\_\_.
- (iii) Long-term capital gain = Net transfer price - \_\_\_\_\_.
- (iv) For computing depreciation under the Income-tax Act, 1961, intangible assets are included under \_\_\_\_\_ block.

2. Write notes on the following : 4×4=16

- (a) Meaning of 'business' and 'profession' as defined u/s 28 of the Income-tax Act
- (b) Long-term and short-term capital assets
- (c) Corporate assessee
- (d) Procedure to set off of unabsorbed depreciation

3. (a) What do you mean by the term 'depreciation'? What are the conditions regarding the claim of deduction of depreciation? 4+10=14

Or

(b) Dr. Arunabh is a medical practitioner. He gives you the following summary of cashbook for the year ending 31.03.2016 :

*Summary of Cashbook*

	₹				₹
To Balance	10,000	By	Rent of Clinic		18,000
" Consultation Fee	60,000	"	Purchase of		
" Visiting Fee	45,000		Medicine	38,000	
" Gifts and		"	Staff Salaries	24,000	
Presents	8,000	"	Surgical		
" Sale of Medicine	42,000		Equipment	40,000	

( 4 )

To Dividend from UTI	₹ 6,000	By Motor car Expenses	₹ 8,000
" Life Insurance Maturity	1,00,000	" Purchase of Motor car	1,40,000
" Dividend from an Indian Company	6,000	" Household Expenses	7,000
		" Closing Balance	2,000
	<u>2,77,000</u>		<u>2,77,000</u>

Informations :

- (i) 50% of the motor car expenses is incurred in connection with his profession. Car was purchased in December 2015
- (ii) Household expenses include ₹ 6,800 paid as insurance premium
- (iii) Gifts and presents include gift worth ₹ 3,000 from relatives
- (iv) Closing stock for medicine ₹ 12,000 and stock on 01.04.2015 was ₹ 4,000

Compute his professional gain for the Assessment Year, 2016-17.

4. (a) Discuss the provisions regarding exemption of long-term capital gain under Section 54 of the Income-tax Act, 1961.

( 5 )

Or

(b) Mr. Anurag owns two residential houses one at Jorhat and other at Dibrugarh. He submits the following information about sale of assets during previous year, 2015-16 (CII-1081) :

Assets	Residential House	Plot	Jewellery
Date of Acquisition	01.03.79	01.11.90	03.04.2000
Cost of Acquisition	₹ 1,40,000	₹ 1,60,000	₹ 80,000
FMV as on 01.04.81	₹ 2,00,000	—	—
Date of Sale	15.06.15	16.06.15	17.06.15
Sale Price	₹ 24,00,000	₹ 11,20,000	₹ 2,80,000

Investments	Date of Acquisition	Amount Invested
		₹
Residential House	19.12.15	13,00,000
Bonds of National Highway Authority of India	12.12.15	1,00,000

Cost Inflationary Index for  
 1990-91—182  
 2000-01—406  
 2001-02—426  
 2015-16—1081

You are required to compute taxable capital gain of Mr. Anurag for the Assessment Year, 2016-17.

14

( Turn Over )

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( Continued )

P7/813

5. (a) Discuss in detail the procedures as per the Income-tax Act regarding set-off of losses within the head and outside the head. How are brought forward losses set off?

7+7=14

Or

- (b) Mr. A submits the following information of his incomes and losses for the year ending 31.03.2016 :

	₹
1. Salary income (computed)	24,000
2. Income from house property :	
House A (income)	10,000
House B (loss)	40,000
House C (self-occupied) (loss)	28,000
3. Income from business :	
Cloth business (profit)	10,000
Hardware business (loss)	12,000
Speculation profit	12,000
Speculation loss	17,000
4. Capital gains :	
Short-term gain	8,000
Short-term loss	24,000
Long-term gain	8,000

( Continued )

₹

5. Other sources :	
Income from betting	12,000
Loss from card games	6,000
Income from card games	9,000
Interest on securities	8,000

Compute the Gross Total Income of Mr. A after making inside and outside head adjustment of losses. You are also to show how much loss is to be carried forwarded to set off against future income.

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6. (a) (i) Discuss any seven approved savings schemes which are eligible for deduction under Section 80C of the Income-tax Act, 1961. 7
- (ii) From the following particulars of Mr. X, compute the amount of deduction u/s 80C for the previous year, 2015-16 : 7

	₹
1. Life Insurance Premium paid during the previous year, 2015-16 :	
On his own life	30,000
On the life of his wife	10,000
On the life of his father	10,000
All life policies were taken in 2010	

( Turn Over )

	₹
2. Contribution towards RPF	24,000
3. Deposit in public provident fund	45,000
4. Group insurance premium	3,000
5. Invested in NSC (VIII issue) out of his Agricultural Income	10,000
6. Repayment of loan taken from SBI for construction of his residential house ₹ 4,000 p.m. which includes ₹ 1,000 p.m. interest	
7. Accrued interest on NSC (VIII issue)	4,000

Or

- (b) Explain the methods commonly used by tax payers to minimize tax liability.