

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

Qup 1930 C (152)
11/12/2018

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(May)

COMMERCE

(Speciality)

Course : 601

(**Direct Tax—II**)

Time : 3 hours



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

(New Course)

Full Marks : 80

Pass Marks : 24

1. (a) Write True or False : 1×4=4

- (i) Preliminary expenditure incurred after 31.03.2008 are allowed deduction in 10 equal instalments.
- (ii) Conversion of debentures into shares shall not be regarded as transfer for capital gain purpose.
- (iii) If no system of accounting is followed, interest on securities is taxable on receipts basis.
- (iv) Loss on account of owning and maintaining the racehorse can be carried forward indefinitely.

(2)

(b) Fill in the blanks :

1×4=4

(i) Short-term capital loss of particular assessment year can be set off in the same assessment year from ____.

(ii) For claiming exemption under Section 54, the assessee should construct the residential property within ____ years after the date of transfer.

(iii) Interest on units of a Mutual Fund on or after April 1, 2003 shall be ____.

(iv) Where a part of the block of assets is sold for a price less than the opening WDV plus cost of assets, if any, acquired during the year, the balance amount shall be treated as ____ for charging depreciation.

2. Write short notes on any four of the following :

4×4=16

(a) Block of assets

(b) Chargeability under the head 'Profits and gains of business or profession'

(c) Long-term and short-term capital gains

(d) Not allowable deductions from 'income from other sources'

(e) Carry forward of business losses

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(Continued)

(3)

3. (a) What do you understand by the term 'depreciation'? What are the rules regarding grant of deduction for depreciation? 4+10=14

Or

(b) The following are the fixed assets owned and used by a firm in its business of manufacturing articles for the assessment year, 2016-17 :

Block of Assets	WDV on 01.04.2015 (₹)	Addition during the year (₹)	Rate of Depreciation
(i) Factory Building	10,00,000	2,00,000 (Completed on 01.01.2016)	10%
(ii) Residential Building	5,00,000	1,00,000 (Completed on 01.05.2015)	5%
(iii) Plant and Machinery	45,00,000	15,00,000 (installed on 15.06.2015)	15%
(iv) Furniture and Fittings	2,00,000	50,000 (Put to use on 13.04.2016)	10%

Calculate the total amount of depreciation.

14

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(Turn Over)

4. (a) Explain, in detail, capital gain exempted from tax. 14

Or

- (b) Mr. S submits the following particulars about sale of assets during the year, 2014-15 :

	Jewellery ₹	Land ₹	Gold ₹
Sale Price	5,00,000	18,50,000	3,50,000
Expenses on sale	—	50,000	—
Cost of acquisition	60,000	2,10,000	1,00,000
Year of acquisition	1987-88	1984-85	1999-2000
CII	150	125	389

Calculate the amount of capital gain chargeable to tax for the assessment year 2015-16 if CII for 2014-15 is 1024. 14

5. (a) Explain the provisions of the Income-tax Act regarding carry forward of losses. 14

Or

- (b) Mr. A furnishes the following particulars of his income for the assessment year 2016-17. You are required to deal with set-off and carry forward of losses : 14

	₹
Profits from wholesale business	50,000
Income from an agency business	4,000
Speculation income	1,000
Short-term capital gain	6,000
Long-term capital gain	12,000

The carry forward items from the assessment year, 2015-16 are :

	₹
Loss from retail business (now discontinued)	5,000
Loss in agency business	6,000
Loss from wholesale business	5,000
Speculation loss	6,000
Short-term capital loss	7,500
Long-term capital loss	9,000

Current year's depreciation for wholesale business is ₹ 2,500.

6. (a) Explain the important areas where tax planning may be attempted. 14

Or

- (b) What propositions may an employee consider for the purpose of tax planning under the head 'Salaries'? 14