

**Write the following information in the first page of Answer Script before starting answer**

ODD SEMESTER EXAMINATION: 2020-21

Exam ID Number \_\_\_\_\_

Course \_\_\_\_\_ Semester \_\_\_\_\_

Paper Code \_\_\_\_\_ Paper Title \_\_\_\_\_

Type of Exam: \_\_\_\_\_ (Regular/Back/Improvement)

**Important Instruction for students:**

1. Student should write objective and descriptive answer on plain white paper.
2. Give page number in each page starting from 1<sup>st</sup> page.
3. After completion of examination, Scan all pages, convert into a single PDF, rename the file with Class Roll No. **(2019MBA15)** and upload to the Google classroom as attachment.
4. Exam timing from 10am - 1pm (for morning shift).
5. Question Paper will be uploaded before 10 mins from the schedule time.
6. Additional 20 mins time will be given for scanning and uploading the single PDF file.
7. Student will be marked as ABSENT if failed to upload the PDF answer script due to any reason

**MASTER OF COMMERCE**  
**THIRD SEMESTER**  
**DIRECT TAXES**  
**MCM-306**

**Duration : 3 hrs.**

**Full Marks: 70**

**( PART-A: Objective )**

**Time : 20 min.**

**Marks : 20**

*Choose the correct answer from the following:*

**1X20=20**

1. \_\_\_\_\_ is responsible for the administration of income tax in India.
  - a. Department of Finance
  - b. Central Board of Direct Taxes
  - c. Central Board of Indirect Taxes
  - d. RBI
2. Which of the following is included as a “capital asset” for consideration of capital gains under Income tax Act, 1961?
  - a. Stock in trade
  - b. Personal effect
  - c. Jewelry
  - d. Agricultural land
3. The ‘total income’ (TI) is derived after subtracting the various deductions under \_\_\_\_\_ from the Gross Total Income (GTI).
  - a. Section 40
  - b. Section 50
  - c. Section 80
  - d. Section 60
4. The amount received per month as a pension by a retired employee is taxable under the head of:
  - a. Income from other sources
  - b. Income from salary
  - c. Income from Business and profession
  - d. Income from Capital Gains
5. Which one of the following are the fully taxable allowances?
  - a. House Rent Allowances
  - b. Children Education Allowances
  - c. Dearness Allowances
  - d. Children Hostel Allowances
6. Salary includes
  - a. Basic Salary
  - b. Allowances
  - c. Perquisites
  - d. All of the above
7. As per Section 234B of the IT Act, if a taxpayer fails to pay at least \_\_\_\_ of the payable taxes before the financial year ends, he/she will have to pay penalty
  - a. 50%
  - b. 60%
  - c. 75%
  - d. 90%
8. Which of the following is **not** a key benefit of direct tax?
  - a. Equitable
  - b. Curbs Inflation
  - c. Alleviates poverty
  - d. Supports public administration
9. The terms “person” under Income Tax Act, 1961 includes
  - a. Association of Persons
  - b. Local Authority
  - c. An individual
  - d. All of the above



18. Permanent Account Number abbreviated as PAN is a unique \_\_\_ -digit alphanumeric number issued by the Income Tax Department to Indian
- a. 10
  - b. 12
  - c. 14
  - d. 16
19. The ceiling limit of deduction under section 24(b) in respect of interest on loan taken before 1.04.2019 for repairs of a self-occupied house is
- a. Rs. 30,000 p.a.
  - b. 1,50,000 p.a.
  - c. Rs. 2,00,000 p.a.
  - d. No limit
20. If Municipal Rent = Rs. 1,00,000 ; Fair Rent= Rs. 1,10,000 ; Standard Rent= Rs. 1,30,000 And Actual Amount of Rent received for the year is Rs. 1,50,000. Then what will be Gross Annual Value of the house property?
- a. Rs. 1,50,000
  - b. Rs. 1,00,000
  - c. Rs. 1,10,000
  - d. Rs. 1,30,000

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**( PART-B : Descriptive )**

**Time: 2 HRS 40 MINS**

**Marks : 50**

**[ Answer question no.1 & any four (4) from the rest ]**

1. Explain in details the provisions for determination of residential status under Income Tax Act, 1961. Also mention the tax liability for an individual according to his residential status for:  
(i) Income received or deemed to be received in India whether earned in India or elsewhere.  
(ii) Income accrued or deemed to be accrued in India whether received in India or elsewhere. 10
  
2. Discuss the taxability of the following incomes for the assessment year 2020-21: 2.5 x 4 = 10
  - (i) Mr. Nicholas, a non resident individual received Rs. 2,00,000 as consultancy services to M/s Moon Ltd., an Indian company and received in India.
  - (ii) Mr. Bruce Lee, a non resident, is engaged in export business. During the previous year 2019-20, he purchased goods in India and exported them to China. The amount of profit earned during the previous year is Rs. 2,50,000 received in India.
  - (iii) Mr. Shyam, a resident and ordinarily resident received Rs. 15,000 as dividend from companies registered outside India during the previous year 2019-20. The dividend was declared and received in India.
  - (iv) Mr. Birla, a resident but not ordinarily resident earned Rs. 60,000 from a business in China during the previous year 2019-20. The business is controlled from China.
  
3. a. Give examples of five transactions which are not regarded as transfer under section 47 of Income Tax Act, 1961. 5+5 = 10  
  
b. Mr. Sinha is a salaried employee with Deloitte. In the month of December, 2019 he purchased gold worth Rs. 8,40,000 and sold the same in August, 2020 for Rs. 9,00,000. At the time of sale of gold, he paid brokerage of Rs. 20,000. What is the amount of taxable capital gain?
  
4. Mr. D. Baruah is the owner of a residential house in Guwahati. The house is let out. The Municipal value of the house is Rs. 50,000 and the Fair rent is Rs. 60,000, Standard Rent Rs. 70,000. The Monthly rent of the house is Rs. 6,000 p.m. Mr. D Baruah paid Municipal tax of Rs. 3,000. The interest on loan taken for the construction of the house Rs. 8,000 for the previous year. Determine the taxable income from house property of Mr. D. Baruah for the assessment 10

year.

5. **Write the short Note on:** 5+5=10
- a) Municipal rent
  - b) Perquisites
6. Mr. A is employed in Central Government getting basic pay Rs. 11,000 p.m.; Dearness Allowance 5,000 p.m.; House Rent Allowance 4,000 p.m. w.e.f. 01.07.2018. However, the employee is residing in the house of his parents. The Employer has paid Cash Allowance Rs. 300 p.m.; Medical Allowance Rs.250 p.m.; and Entertainment Allowance Rs. 400 p.m. The Employer has also paid professional tax Rs. 75 p.m. on behalf of the employee. Compute the income from salary of Mr. A for the assessment year 2019-2020. 10
7. Define "Income from Other Sources". Name some incomes which are taxable only under the head "Income from Other Sources". 4 + 6=10
8. a. What is Advance payment of tax? 5+5=10  
b. Differentiate between TDS and TCS.

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