

**TDP (Honours) 5th Semester Exam., 2022  
( Held in 2023 )**

**DIRECT TAXATION**

**( Honours )**

**FIFTH PAPER**

**Full Marks : 80**

**Time : 3 hours**

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

**Answer eight questions, taking two from each Unit**

**UNIT—I**

1. (a) Differentiate between Sources of Income and Heads of Income with examples.
- (b) Define Assessment Year as per the Income-tax Act, 1961.
- (c) Benami starts a new business on 16th June, 2021. What would be the previous year of his business in relation to Assessment Year 2022-23?

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**( Turn Over )**

(d) What is tax planning? 4+2+1+3=10

2. (a) What is agricultural income as per the Income-tax Act?

(b) For the Assessment Year 2022-23, Mrs. X (Date of birth : September 6, 1960) furnishes the following information :

Gross Agricultural Income—

₹ 18,00,000

Expenditure on earning Agricultural Income—₹ 2,10,000

Non-agricultural Income—₹ 26,97,000

Determine the tax liability of Mrs. X for the Assessment Year 2022-23, on the assumption that she contributes ₹ 95,000 towards Public Provident Fund and pays insurance premium of ₹ 44,000 on her Life Insurance Policy (sum assured : ₹ 2,15,000) (policy was taken in 2000). 2+8=10

3. (a) Who is a 'resident but not ordinarily resident' as per the Income-tax Act?

(b) Mention five incomes that do not form part of total incomes. 5+5=10



UNIT—II

4. (a) Define the term 'salary'.

(b) What do you mean by 'perquisite'? Give two examples of tax-free perquisites.

(c) State the rules as prescribed by the Income-tax Act in connection with leave encashment [ Section 10(10AA)]. 2+3+5=10

5. Mr. Bipad Bandhu receives the following emoluments during the previous year ending March, 2022 :

(i) Basic pay—₹ 4,80,000

(ii) City compensatory allowance—  
₹ 15,000

(iii) Commission—₹ 24,000

(iv) Free use of car, partly official and partly for private use (expenditure of the employer—₹ 63,000, cost of the car—₹ 2,80,000)

(v) Free water supply (expenditure—  
₹ 6,000)

(vi) Free watchman (salary—₹ 9,000)

- (vii) Sweeper engaged by himself (salary—₹ 12,000) but paid by the employer
- (viii) Tour to Delhi along with his family (tour expenses—₹ 40,000, boarding and lodging—₹ 80,000)
- (ix) Employer's contribution to RPF—₹ 48,000 (his own contribution being—₹ 1,20,000)
- (x) Income from other sources—₹ 10,40,000

He also pays insurance premium of ₹ 20,000 (sum assured ₹ 70,000) on life insurance policy of his married son, ₹ 6,000 (sum assured ₹ 80,000) on life insurance policy of his wife and ₹ 2,000 on life insurance policy of his brother-in-law (sum assured ₹ 35,000). Under the employee's stock option scheme, Mr. Bipad Bandhu has been allotted on March 1, 2022, 600 equity shares in A Ltd. @ ₹ 11 per share (market rate ₹ 200 per share on the date of exercise of option and ₹ 210 on the date of allotment).

Find out the taxable income of Mr. Bipad Bandhu for the Assessment Year 2022-23. 10



6. Shri Anant Kar has two houses, the particulars of which for the year ended 31st March, 2022 are given below :

Particulars	Agartala House	Udaipur House
Date of Completion	31.8.2008	31.8.2009
How used	let out for residential purpose	own residence
Rental value	₹ 16,000 p.m.	—
Municipal retable value	₹ 1,70,000	₹ 1,80,000
Municipal tax paid	10%	12%
Repair expenses	₹ 20,000	₹ 12,000
Vacancy	1 month	1 month
Rent collection charge	₹ 10,000	—
Voluntary annual charge	₹ 6,000	—
Fire insurance premium	₹ 6,000	₹ 4,000
Ground rent	₹ 1,00,000	₹ 1,20,000

Compute Shri Kar's income from house property for the Assessment Year 2022-23. 10

## UNIT—III

7. (a) Under what conditions, the income of a discontinued business is taxable?

(b) Assuming that the rate of depreciation is 30%, find out the admissibility of depreciation for the Assessment Year 2022-23 :

Depreciated value of the :

Block of assets (consisting of plants A, B and C) on 1.4.2021	14,80,000
Addition of plant D made on 1.9.21 (it is put to use on 8.9.2021)	1,60,000
Cost of plant E purchased on 24.12.2021	3,10,000
Sale proceeds of plant A (sold on 3.3.2022 and was originally purchased on 1.4.2017 for ₹ 1,20,000)	16,30,000

CII :

[ 2017-18 : 272; 2018-19 : 280; 2019-20 : 289

2020-21 : 301; 2021-22 : 317; 2022-23 : 331 ]

5+5=10

8. From the following Receipts and Payments Account submitted by Dr. Reddy, a medical



practitioner, compute professional income for the relevant Assessment Year : 10

*Receipts and Payments A/c  
for the year ended 31.03.2022*

To balance b/d	18,300	By electricity bill	
		(chamber)	1,000
" consultation fees	46,300	" LIC premium	4,400
" visiting fees	15,800	" cost of medicines	6,100
" dividends	8,200	" purchases of TV sets	14,000
" surgical fees	20,500	" rent of chamber	6,600
" interest on fixed deposit	7,600	" household expenses	60,200
" gifts from patients	1,400	" compounder's salary	9,600
" sale of medicines	12,900	" motorcar expenses	10,000
" sale of land	70,000	" subscriptions to medical journals	1,800
		" travelling expenses (personal)	20,000
		" balance c/d	67,300
	<u>2,01,000</u>		<u>2,01,000</u>

*Additional Information :*

- (i) Depreciation allowable on surgical instruments— ₹ 4,500; on motorcar— ₹ 5,000
- (ii) 25% of the use of the motorcar may be attributed to private purpose

- (iii) Subscriptions still payable to Indian Medical Association— ₹ 5,000, professional tax payable per month ₹ 208

9. (a) X Ltd., an Indian company, sells the following assets outside a recognized stock exchange on 19.05.2020 :

	Government securities	Preference shares (listed)
Sale consideration (₹)	4,80,000	8,00,000
Cost of acquisition (₹)	4,24,000	60,000
Date of purchase	19.4.2019	28.4.2007

Find out the amount of tax liability for the Assessment Year 2022-23 on the following assumptions :

- (i) Income of X Ltd. from business—₹ 9,00,000  
 (ii) Amount invested in NSC VIII issued on 31.3.2022—₹ 1,40,000

- (b) Give two conditions to avail exemptions under Section 54D. (4+4)+2=10

#### UNIT—IV

10. (a) Differentiate between 'deduction' and 'exemption' from tax.



(b) What do you understand by inter-source and inter-head adjustments?

(c) Write short notes on the following :

(i) Best judgement assessment

(ii) Revised return

(iii) Self-assessment  $2+2+(2 \times 3)=10$

**11.** From the following particulars submitted by Akash, compute his income from other sources for the Assessment Year 2022-23 : 10

(i) Directors' meeting fees received from X Ltd. 30,000

(ii) Agricultural income from land situated in India 1,00,000

(iii) Agricultural income from Nepal 1,50,000

(iv) Interest income—

(1) from bank on FDR  
(net-surcharge included) 89,000

(2) on Post Office Savings  
Bank A/c 6,000

(3) on Government securities 12,000

(4) on PPF A/c 40,000

(5) on NSC (VIII issue) 30,000

(v) Dividend from A Ltd. declared on 25.08.2017	₹ 80,000
(vi) Dividend from B Ltd. declared on 1.07.2021	₹ 18,000
(vii) Income from lottery	2,00,000
(viii) Rent from subletting of a flat (rent paid to landlord for the flat— ₹ 60,000)	1,20,000

Akash spent ₹ 6,000 for realising the rent.  
He had also spent ₹ 1,00,000 for the  
purchase of lottery tickets and received the  
prize on one ticket.

**12.** From the following particulars, compute  
taxable income of X for the Assessment Year  
2022-23 :

	10
	₹
Income from house property (computed)	2,70,000
Income from business before adjusting the following :	90,000
(i) Carry forward business loss	70,000
(ii) Current depreciation	30,000
(iii) Carry forward unabsorbed depreciation	1,40,000
Short-term capital gains from jewellery	1,60,000
Long-term capital loss from shares	40,000
Long-term capital gains from debentures	2,00,000



	₹
Dividend on shares held in as stock in trade	10,000
Dividend from company carrying on agricultural operations	12,000
Income from growing and manufacturing coffee (cured and roasted)	1,00,000

During the previous year, the assessee has donated ₹ 35,000 to an approved local authority for the promotion of family planning and purchased NSC VIII issue for ₹ 2,00,000.

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