

TDP (Honours) 5th Semester Exam., 2023  
( Held in 2024 )

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) How is 'income' defined under the Income-tax Act, 1961?
- (b) Differentiate between Heads of income and Sources of income.
- (c) Classify the following into appropriate category of persons :
  - (i) Gyan Bichitra, a sole proprietorship business
  - (ii) Tripura University



(iii) Jewels Club

(iv) Tripura State Electricity  
Corporation Ltd.  $4+2+4=10$

2. (a) How would you determine the residential status of a firm and other association of persons?

(b) What is tax planning? Distinguish between Tax avoidance and Tax evasion.  
 $5+(2+3)=10$

3. (a) During the Previous Year 2022-23, Mr. Ronaldo, a foreign citizen, stays in India for just 80 days. Determine his residential status for the Assessment Year 2023-24 on the basis of the following information :

(i) During 2019-20, he was present in India for 365 days

(ii) During 2016-17 and 2015-16, he was in India for 359 days and 348 days respectively

(b) Discuss the provisions of the Income-tax Act for exemption of an agricultural income.  
 $5+5=10$



UNIT—II

4. (a) Who is a specified employee?
- (b) Give two examples of perquisites which are taxable only in the hands of the specified employees.
- (c) Mr. Sourav, an employee of a mercantile firm, retired on 30th November, 2022, at a monthly salary of ₹ 60,000 p.m. after completing his 24 years and 8 months of service and received ₹ 8,40,000 as leave encashment for 14 months. From the following information, calculate the taxable amount of leave encashment of Mr. Sourav :
- (i) Leave entitlement—40 days of each year of completed service
  - (ii) Leave availed while in service—18 months
  - (iii) Leave standing to the credit at the time of retirement—14 months
  - (iv) Average monthly salary—₹ 58,500
- 2+2+6=10
5. The following details are available from Sri S. K. Roy, a resident individual for the year ending on 31-03-2023 :
- (i) Salary received—₹ 10,00,000
  - (ii) Income tax deducted from salary—₹ 90,000



- (iii) Own contribution to RPF deducted from salary—₹ 50,000
- (iv) Employer's contribution to RPF—₹ 50,000
- (v) Interest on accumulated balance of RPF @ 12%—₹ 24,000
- (vi) He is provided with a furnished free quarter for residential purpose in Kolkata by his employer, for which employer pays rent ₹ 20,000 p.m. Cost of furnishing is ₹ 30,000
- (vii) He is provided with a car of 16 h.p. by his employer, Tripura University, for both private and official purposes and expenses of maintaining and running the car with chauffeur are borne by the employer
- (viii) He had two life insurance policies— one on his life for a policy value of ₹ 5,00,000 on which annual premium paid by his employer is ₹ 25,000; and on the life of his wife for a policy value of ₹ 3,00,000 on which premium paid by him is ₹ 8,000. All the policies were taken before 01-04-2022
- (ix) He also took a medical insurance for a premium amount of ₹ 30,000

Compute his total income and qualifying amount for deduction u/s 80C. 8+2=10

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( Continued )



6. Mr. Abhisek is the owner of three houses in Agartala.

The first house is used by him as self-occupied for residential purposes. The municipal value and tax paid are ₹ 50,000 and ₹ 4,000 respectively.

The second house was let out for residential purposes for ₹ 1,40,000 p.a. As per agreement with the tenant, the municipal tax is to be borne by the tenant, but the landlord has to provide the following services :

- (i) Lift services
- (ii) Gardener
- (iii) Lighting for stairs

The total expenses of the landlord for this purpose were ₹ 48,000 p.a.

The gross municipal value of the house was ₹ 94,000 and tax in respect of the property was ₹ 24,000 p.a.

The third house has a municipal value of ₹ 40,000, but being in a dilapidated condition, it could not be let out during the year.

The other expenses during the Previous Year 2022-23 are as follows :

	House No. 1 (₹)	House No. 2 (₹)	House No. 3 (₹)
Repairs	4,400	8,000	—
Land revenue	2,000	4,000	1,000
Ground rent	—	2,000	—
Interest on borrowed capital	8,000	30,000	—



Interest on borrowed capital in respect of house no. 2 was in connection with a loan which was used for business purpose.

Compute income from house property of Mr. Abhisek for the Assessment Year 2023-24.

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### UNIT—III

7. (a) What do you mean by block of assets?  
 (b) What conditions are necessary for claiming depreciation allowance while calculating business gains for tax purpose?  
 (c) How is transfer of capital assets defined under the Income-tax Act?  
 (d) Mention two transfers not regarded as transfer.
- 2+3+3+2=10
8. From the following Profit & Loss A/c and other information of Sri Parimal Baidya, compute his total income for the Assessment Year 2023-24 :

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#### *Profit & Loss A/c for the year ended 31-03-23*

	₹		₹
To Establishment expenses	24,000	By Gross profit	91,600
" Interest on bank loan	2,500	" Dividend from UTI	8,000
" Repair to furniture	1,600		

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( Continued )



	₹	₹
To Purchase of furniture	8,000	
" Bad debt	700	
" Provision for bad debt	1,600	
" Fire insurance premium	2,000	
" Life insurance premium	2,500	
" Income tax	3,000	
" Donation to approved institution	5,000	
" Donation to Prime Minister National Relief Fund	10,000	
" Fines	4,000	
" Interest on capital	700	
" Depreciation	2,000	
" Net profit	32,000	
	<u>99,600</u>	<u>99,600</u>

*Other information :*

- (i) In arriving at gross profit, the opening stock and closing stock have been valued at ₹ 52,000 and ₹ 61,900 respectively, both at 10% below cost
- (ii) Establishment expenses include wages of Sri Baidya's servant @ 300 p.m.
- (iii) 50% of Bad debt is allowable
- (iv) Depreciation as per the IT rules works out at ₹ 1,800



- (v) Life insurance premium relates to Sri Baidya's own life (policy value ₹ 50,000)
- (vi) During the year, Sri Baidya took away goods for his, personal use costing ₹ 5,000 by crediting the sales account with ₹ 7,000, while the market price of the goods was ₹ 7,500 at the time

9. Mr. Aistika has made the following transfer of capital assets during the Financial Year 2022-23. Compute his total income taking his business income into account for the Assessment Year 2023-24 :

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- (i) Sale of commercial house for ₹ 20,00,000 on 15th December, 2022. Cost of acquisition on 23rd April, 2001 in ₹ 4,20,000. On 14th March, 2023, he purchased a residential house for ₹ 4,00,000
- (ii) Sale of commercial building for ₹ 9,42,750. Cost of acquisition in 2002-03 is ₹ 1,00,000. Cost of improvement in 2003-04 is ₹ 50,000
- (iii) Sale price of debenture costing ₹ 75,000 in 2005-06—₹ 1,57,000
- (iv) Income from business—₹ 50,000

CII for 2001-02 : 100, 2002-03 : 105,  
2003-04 : 109, 2005-06 : 117,  
2022-23 : 331



UNIT—IV

10. (a) What are conditions laid down under the Income-tax Act for carry forward and set off of business losses?

(b) Mr. Ranavir Das, a physically handicapped assessee, furnishes the following particulars of his income for the Previous Year ended 31st March, 2022 :

(i) Gross salary received—₹ 12,00,000

(ii) Income from house property—  
₹ 1,20,000

(iii) Income from units of mutual funds—₹ 40,000

(iv) Bank interest—₹ 30,000

(v) Interest on debentures—₹ 40,000

During the year, he paid the following :

(i) Donation to Tripura University—  
₹ 50,000

(ii) Donation to poor student—  
₹ 20,000

Compute the total income of Mr. Das for the Assessment Year 2022-23. 4+6=10



11. Discuss the taxability or otherwise of the following in the hands of the recipient under the Income-tax Act :

2×5=10

- (i) Ashish HUF received ₹ 80,000 in cash from niece of Ashish (i.e. daughter of Ashish's sister). Ashish is the Karta of the HUF
- (ii) Cash gift of ₹ 51,000 received by Hema from her friend on the occasion of her 'Adibesh', wedding function
- (iii) On the above occasion, a diamond necklace worth ₹ 2 lacs was presented by her sister living in Dubai
- (iv) Mr. Chezian received a cash gift of ₹ 1,00,000 from Atma Charitable Trust (registered under Section 12AA) in December 2022 for meeting his medical expenses
- (v) Mrs. Shruti received a fixed deposit from her friend in favour of her daughter on her third birthday. The amount of deposit was ₹ 50,000 and including accrued interest, the fixed deposit was for ₹ 52,000



12. Mr. Arnab furnishes the following details for the year ended 31st March, 2022 :

- (i) Loss from speculative business A  
₹ 25,000
- (ii) Income from speculative business B  
₹ 5,000
- (iii) Loss from specified business covered under Section 35AD ₹ 20,000
- (iv) Income from salary ₹ 3,00,000  
(computed)
- (v) Loss from let out house property  
₹ 2,50,000
- (vi) Income from trading business ₹ 45,000
- (vii) Long-term capital gain from sale of urban land ₹ 2,00,000
- (viii) Long-term capital loss on sale of shares (STT not paid) ₹ 75,000
- (ix) Long-term capital loss on sale of listed shares in recognized stock exchange (STT paid at the time of acquisition and sale of shares) ₹ 1,02,000

Following are the brought forward losses :

- (i) Losses from owning and maintaining of race horses pertaining to the AY 2020-21 ₹ 2,000



- (ii) Brought forward losses from trading business ₹ 5,000 relating to the AY 2018-19

Compute the total income of Mr. Arnab and show the item eligible for carry forward.

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