

GUJARAT TECHNOLOGICAL UNIVERSITY

MAM - SEMESTER-III • EXAMINATION – SUMMER • 2015

Subject Code: 4130504

Date: 29-05-2015

Subject Name: Elements of Direct and Indirect Taxes

Time: 02:30 pm - 05:30 pm

Total Marks: 70

Instructions:

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

- Q.1 (a)** Explain the following terms: **07**
(1) Assessment Year (2) Previous Year (3) Person (4) Income (5) Business
(6) Salary (7) Transfer
- (b)** (i) Mr. X an Indian citizen, is appointed as senior taxation officer by the Govt. of Denmark. He leaves India, for the first time, on 3rd November 2013 for joining his duties in Denmark. Determine the residential status of Mr. X for the assessment year 2014-15. **03**
- (ii) Mr. Raj Aryan, an employee of Gurukul Ltd. receives Rs. 1,50,000 as gratuity (under the Payment of Gratuity Act, 1972) on his retirement on 15th Dec, 2012. He has served the company for a total period of 29 years & 8 months. At the time of retirement his monthly salary & dearness allowance amounted to Rs. 4000 & Rs. 1720 respectively. What is amount of gratuity exempt from income tax? **04**
- Q.2 (a)** Explain the five different heads of income from Income Tax point of view. **07**
- (b)** Mr. Singhania is the owner of a house property. The annual value of the house as per municipal records is Rs. 1,98,000. The fair rent and annual rent receivable are the same i.e. Rs. 1,80,000. The landlord bears the following expenses on tenant's amenities during the year ended on 31/3/2013: **07**
(1) Salary of a Gardener Rs. 9000 (2) Lift maintenance Rs. 10,000 (3) Water charges Rs. 3000 (4) Lighting Rs. 8000.
- The landlord claims the following deductions:
(i) Municipal taxes Rs. 42,000
(ii) Ground Rent Rs. 6560
(iii) Interest on mortgage loan Rs. 1,13,000 (of which Rs. 78,000 is in respect of loan taken for repair purpose and the balance in respect of a loan taken on marriage of his daughter Priya)
(iv) Collection Expenses Rs. 24,000
(v) Sundry repair charges Rs. 10,000
(vi) Irrecoverable rent Rs. 30,000
- Compute the taxable income from house property for A.Y. 2013-14.
- OR**
- (b)** How depreciation is computed under Section 32 of Income tax Act under the head 'Profit of Business or Profession'? Also state the conditions for claiming the Additional Depreciation under the Act? **07**
- Q.3 (a)** Explain the provisions of Section 54, 54 B and 54 EC regarding capital gain arising due to transfer of capital assets. **07**
- (b)** What do you understand by "Income from Other Sources"? State the incomes which are included under this head under Section 56 (2) of the Act. **07**

OR

- Q.3 (a)** State the Permissible Deductions available under Section 80C, 80CCC, 80D, 80E and 80G from Gross total income. Comment upon the tax treatment of the above mentioned deductions? **07**
- (b)** Mr. Kanjilal is a sales manager employed by Parasonic Ltd. at Bangalore. The details of his salary & others emoluments received during the P.Y. 2012-13 are as under: **07**
- a) Basic salary Rs. 42000 p.a.
 - b) Dearness allowance (a part of salary for retirement benefits) Rs. 29000 p.a.
 - c) Commission on sales Rs. 175000
 - d) House rent allowance Rs. 60000 p.a. (actual rent paid Rs. 4000 pm)
 - e) Conveyance allowance Rs. 750 pm (actual amount spent Rs. 12000)\
 - f) Tour Allowance Rs 1200 each for 5 trips (actual amount spent on each trip Rs.1000)
 - g) Tour daily allowance Rs.250 per day for 60days in a year (actual amount spent Rs.9600 in total)
 - h) Uniform allowance Rs. 900 pm (for purchase & maintenance), actual amount spent for that purpose Rs. 750 pm.
 - i) Research assistance allowance Rs. 600 pm (spent Rs.9000 during the year)
 - j) Children education allowance Rs.6000 (for 2 children)
 - k) Entertainment allowance Rs.6000 p.a.
- Compute his taxable salary for the A.Y. 2013-14.

- Q.4 (a)** Define and explain as per the provisions of VAT: **07**
- (i) Business (ii) Dealer (iii) Goods (iv) Manufacture
- (b)** Explain Incidence of Tax (Section 3) **07**

OR

- Q.4 (a)** Define and explain as per the provisions of VAT: **07**
- (i) Purchase Price (ii) Resale (iii) Sale (iv) Sale Price
- (b)** Explain Taxable Turnover & Value of Goods under Section 2 (30). **07**

- Q.5 (a)** Define Service Tax. Mention the list of services which are subject to service tax. **07**
- (b)** State the provisions regarding registration under service tax. **07**

OR

- Q.5 (a)** Explain the condition of Residential Status of an Individuals & HUF. **07**
- (b)** From the following particulars if income of Shri Chanakya, determine his income under the head capital gain for the A.Y. 2013-14: **07**

(1) Shri Chanakya had purchased a residential house for Rs. 1,33,000 on 1/1/86. He sold this house on 1/4/2012 for Rs. 12,57,000. This was the only house owned by him. A part of the sale proceeds was utilized by him for the education of his son and Rs. 5,50,000 was used on 31/12/2012 to acquire another residential house.

(2) On 31/12/2012, he sold some of the Government Securities for Rs. 1,90,125 which were purchased by him on 1/5/84 for Rs. 17,400. Rs. 25,000 of the sales price was invested on 1/2/2013 in 3years Bond of NHAI.

Relevant Cost Index for long term capital Gain are as follows:

P.Y. 1983-84	116
P.Y. 1985-86	133
P.Y. 2012-13	852
