

2021

DIRECT AND INDIRECT TAXATION — HONOURS

Third Paper

(C-23-A)

Full Marks : 100

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

DIRECT TAX

(Marks : 75)

Group – A

1. When an assessee is treated as not ordinary resident in India as per Income Tax Act? 5

Or,

Mr. Roy, an Indian citizen, left India for the first time on October 1, 2016. During the calendar year 2018, he came back to India and left India after staying for 20 days. Again he came back to India on January 1, 2020. Determine his residential status for the assessment year 2020-21. 5

2. Define previous year. Can a previous year be a period of less than or more than 12 months? 3+2

Or,

Mention any five incomes which are fully exempted for tax. 5

3. Discuss the provisions of Income Tax Act, 1961 regarding the clubbing of income of minor with the income of parents. 5

Or,

From the following information of Mr. Sen, compute total income and the amount of loss to be carried forward for the assessment year 2020-21 : 5

	Amount (₹)
Income from Salary	3,00,000
Long term capital gain	4,80,000
Short term capital loss	1,20,000
Loss from speculative business	1,80,000
Profit earned from owning and maintaining of race horses	2,10,000
Loss incurred for owning and maintaining of race horses	2,80,000
Brought forward long-term capital loss for the assessment year 2018-19	75,000

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4. Mr. Basu (50 years) paid medical insurance premium of ₹ 14,000, ₹ 8,000 and ₹ 36,000 on the health of himself, his wife (47 years) and his father (68 years) respectively during the previous year 2019-20. All the premiums were paid by cheque. Calculate the amount of deduction u/s 80D. 5
5. (a) State the due dates of filing return of income in case of an individual.
(b) Mention any three transactions when quoting of PAN is mandatory under Income Tax Act. 2+3
6. Write a short note on Revised Return under Income Tax Act. Can a belated return be revised? 4+1
7. From the following information, compute interest payable u/s 234A : 5
- | | |
|--|------------|
| Due date of filing return | 31.07.2020 |
| Date of filing return | 25.01.2021 |
| Tax on assessed Income | ₹ 1,60,000 |
| Advance Tax paid | ₹ 60,000 |
| Self Assessment Tax paid on 20.01.2021 | ₹ 80,000 |

Or,

From the following information, compute the amount of advance tax payable by Mr. Sen (along with the specified dates) under Income Tax Act for the year 2019-20 : 5

	₹
Business income	6,00,000
Income from house property	1,20,000
Interest on fixed deposit with bank	45,000
Other incomes	7,500
Tax deducted at source	6,000

Group – B

8. Mr. Sen is the owner of three houses in Kolkata and furnished the following information. Compute his Income from House property for the assessment year 2020-21. 10

	House No. 1	House No. 2	House No. 3
Nature of occupation	Let out	Let out	Self-occupied
	₹	₹	₹
Standard Rent	76,800	1,20,000	—
Net Municipal value	72,000	1,26,000	1,08,000
Fair Rent	90,000	1,32,000	1,00,000
Rent Received	80,000	1,08,000	—
Repairs	NIL	10,000	4,000
Municipal tax @ 10%	80% unpaid	fully paid	20% unpaid

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Interest on loan taken for repair of the house	6,000	12,000	18,000
Vacancy period	2 months	—	—
Collection charges	10,000	—	—

9. From the following information, compute Income from salary of Mr. Dey for the assessment year 2020-21 :
10

- Basic Salary ₹ 40,000 p.m.
- Dearness Allowance @ 30% of basic salary (forming part of salary)
- Children education allowance ₹ 400 p.m. for each children (He has two children)
- Medical allowance (actual expenses ₹ 12,000) ₹ 14,400 p.a.
- Own contribution to RPF @ 15% of basic and D.A. and his employer also contributes the same amount.
- Interest credited to accumulated balance of RPF @ 12% p.a. is ₹ 48,000.
- He is provided by his employer with a rent-free furnished house in Kolkata for which employer pays rent of ₹ 10,000 p.m. and cost of furniture provided is ₹ 1,20,000.
- Professional tax @ ₹ 200 p.m. is paid by his employer.

Or,

Write short notes on (a) Perquisites and (b) Profit in lieu of salary.

7+3

10. Mr. S. Roy is the owner of a business. Following are the particulars of his business and other related information during the financial year 2019-20 :

- Net Profit as per Profit and Loss Account ₹ 92,000
- The P/L A/c was debited with ₹ 2,400 as his interest on capital and ₹ 6,000 as his remuneration.
- Sri Roy has taken goods for his personal consumption valued ₹ 12,000. On this account sales account were credited by ₹ 9,000 only.
- Opening and closing stock of finished goods were valued at ₹ 18,000 and ₹ 28,800 respectively which were 10% below the cost of production.
- P/L A/c was debited with ₹ 3,000 as penalty to customs authority.
- P/L A/c is debited with ₹ 22,000 as depreciation but ₹ 20,000 is allowable as per I.T. rule.
- P/L A/c is debited with ₹ 8,000 as donation to National Defence Fund.
- P/L A/c is credited with ₹ 12,000 as interest on bank fixed deposit.

From the above particulars, compute income from business of Sri Roy for the assessment year 2020-21.

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Or,

(a) Mr. Mitra furnishes the following information for the previous year 2019-20 :

	Residential House Property at Howrah	Gold
Date of acquisition	December 10, 2006	April 15, 2007
Cost of acquisition	₹ 9,00,000	₹ 12,00,000
Date of Sale	March 10, 2020	September 2, 2019
Sales Proceeds	₹ 51,00,000	₹ 37,50,000
Brokerage	2% of Sale proceeds	—

During the previous year 2019-20 Mr. Mitra purchased a residential house property at Kolkata for ₹ 18,00,000. Compute his taxable income from Capital gains for the assessment year 2020-21.

[Cost inflation Index : 2006-07 : 122, 2007-08 : 129, 2019-20 : 289]

(b) From the following information, compute income from other sources of Mrs. Dey for the assessment year 2020-21 :

(i) Winning from lottery (after deduction of tax @ 30%) — ₹ 1,40,000.

(ii) Family Pension Received — ₹ 4,000 p.m.

(iii) Dividend from a foreign Company — ₹ 15,000

6+(1+2+1)

11. Mr. Ghosh (age 50 years), a resident individual of India furnished the following details of his income and related matters during the financial year 2019-20 :

	₹
(a) Income from salary	9,00,000
(b) Income from business	3,00,000
(c) Long-term-Capital Gains on sale of land	2,20,000
(d) Interest on Fixed Deposit with SBI	15,600
(e) Interest on NSC (including last year interest of ₹ 2,500)	4,500
(f) Life insurance premium paid on own life (Policy value ₹ 5,00,000 taken in 2014)	70,000
(g) Investment in NSC	30,000
(h) Payment of tuition fees of his children (He has one child)	25,000
(i) Donation to a recognized political party	20,000
(j) Donation to National Defence Fund	8,000

Compute his total income and tax liability for the assessment year 2020-21.

INDIRECT TAX**(Marks : 25)****Group – C**

12. (a) What are the basic conditions for levying excise duty under Central Excise Act, 1944?
 (b) What do you mean by 'excisable goods' under Central Excise Act, 1944? 3+2

Or,

Write short notes as per Central Excise Act, 1944 on :

- (a) Manufacture; (b) Wholesale dealer. 2½+2½

13. Under what circumstances can the registration of a dealer be cancelled under West Bengal VAT Act? 5

14. From the following information, determine the sales price (exclusive of VAT) and VAT payable as per West Bengal VAT Act : 5

Purchased goods for ₹ 6,00,000 (including VAT ₹ 40,000)

Wages Paid ₹ 30,000

Other expenses incurred ₹ 50,000

Profit charged at 20% on cost.

Assume VAT rate on both purchases and sales are 14.5%.

Or,

- Define as per VAT Act, (a) Casual dealer; (b) Input tax Credit. 2½+2½

Group – D

15. (a) Define Goods as per Central Sales Tax Act.
 (b) What is 'Sale or Purchase in course of inter-state trade or commerce' under Central Sales Tax Act?
 (c) State any four transactions which are not considered as inter-state sale of goods under Central Sales Tax Act. 2+4+4

Or,

From the following information furnished by Mr. Das, calculate turnover and CST payable by Mr. Das :

	₹
Gross Turnover	38,52,000
The above gross turnover includes the following :	
(a) Excise duty	1,50,000
(b) Freight and insurance charged separately	2,40,000
(c) Trade discount for which credit note have been issued separately	2,00,000

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(6)

(d) Instalation charges charged separately	1,20,000
(e) Cost of packet purchased for packing of goods	30,000
(f) Goods returned after 4 months (including CST)	3,40,000
(g) Goods returned after 9 months (including CST)	2,40,000
(h) Goods rejected and returned after 8 months (including CST)	3,00,000
(i) Central Sales Tax @ 2%	
