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14 (MCOM-4) 4036

2020

TAX PLANNING

Paper : 4-18/COM-4036

(New and Old Course)

Full Marks : 40

Time : Two hours

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

Answer Question Nos. 1 & 2 and any three from the rest.

1. Answer as directed : 1×5=5

(i) What is the tax treatment of gratuity received in case of a non-government employee at the time of his/her retirement ?

(a) fully taxable

(b) fully exempted

(c) partly taxable, partly exempted

(d) special relief is admissible.

(Choose the correct option)

Contd.

(ii) Deductions from Gross Total Income (GTI) under section 80C are allowed to which one of the following assessee/ assessees ?

(a) Individuals only

(b) Individuals and Hindu Undivided Family (HUF)

(c) Individuals, Hindu Undivided Family (HUF) and Firms

(d) Individuals, HUFs, Firms and Corporates.

(Choose the correct option)

(iii) Compensation received by an employee in private sector from his/her employer on voluntary retirement is to be taxed as —

(a) salary

(b) allowance

(c) perquisite

(d) profit in lieu of salary.

(Choose the correct option)

(iv) The reasonable expected rent of a residential house property cannot be more than —

(a) standard rent fixed under Rent Control Act

- (b) actual rent received or receivable
- (c) agreed upon rent between the owner of the property and the tenant
- (d) notional rent.

(Choose the correct option)

(v) Depreciation is allowed to be deducted in computing 'Profit and Gains from Business' on what basis ?

- (a) Upon block of assets of prescribed rates
- (b) Upon individual assets at prescribed rate
- (c) Upon block of assets at a reasonable rate
- (d) Upon individual assets through Straight Line Method.

(Choose the correct option)

2. Give very brief answers to the following questions : 1×5=5

(i) Define 'Gross Total Income (GTI)' as per the provision of the Income Tax Act, 1961. 1

(ii) Who is an 'assessee' as per the Income Tax Act, 1961 ? 1

(iii) What is the meaning of 'business' in the context of computing 'Profit and Gains from Business' as per the Income Tax Act, 1961 ? 1

(iv) What are the tax treatment (taxability) of the following two items under the Income Tax Act, 1961 ?

(a) share of profit of a partner from a firm 1

(b) deposit in the Statutory Provident Fund by a Government employee. 1

3. Give brief answers to the following questions (in about **100** to **120** words) : (**any two**)
2×5=10

(i) How is Gross Annual Value of residential house-property let-out computed as per the provision of Income Tax Act, 1961 ?

(ii) Mention the due dates for 'advance payment of tax' by a non-corporate assessee as per the provision of Income Tax Act, 1961.

(iii) What are the 'specific incomes' chargeable to tax under the head 'Income from other sources' as per the Income Tax Act, 1961 ?

(iv) State briefly the provisions of Income Tax Act, 1961 in regard to 'make or buy' decision by a business firm.

4. Discuss the provisions of Income Tax Act, 1961 regarding 'clubbing of income' by an individual assessee. 10

Or

Differentiate tax planning with tax evasion and tax avoidance. How can tax planning be beneficial to an economy like India ?

6+4=10

5. Mention the provisions of section 10A and 10B, of the Income Tax Act, 1961 regarding tax exemptions and concessions to industrial undertakings in Special Economic Zones (SEZ) and Export Oriented Units (EOU). 10

6. Discuss the scope of tax planning through 'diversion of income' and 'application of income' with suitable examples.

5+5=10

7. Describe the procedure of computing 'long-term capital gain' as per the provision of Income Tax Act, 1961. State the exemptions given under section 54 and 54B.

4+6=10

8.

4+6=10

(a) State the differences between 'long-term capital gains' and 'short-term capital gains'.

(b) Abhinab Barua is a resident individual in Guwahati. He acquired a urban residential plot of land for constructing a building on 1st April, 2015, the cost of which was Rs. 15,00,000 (fifteen lakhs). The construction of the building was completed thereon on 30th April, 2017 at a cost of Rs. 60,00,000 (sixty lakhs). The entire property *i.e.* land and building was sold on 31st March, 2019 at Rs. 1,80,00,000 (one point eight crore). Compute his capital gains arising from the sale for the assessment year 2019-20.

(CII : 2015-16 = 254, 2017-18 = 272,

2018-19 = 280, 2001-02 (base year) = 100)

9. Sri Kongkon Das is an employee of Samsung India Ltd., Guwahati. The particulars of his income for the previous year ending 31st March, 2020 are given below. Compute his taxable income for the assessment year 2020-21 after allowing for deductions under section 80C.

(a) Basic salary @ Rs. 30,000 p.m.

- (b) Dearness allowance Rs. 12,000p.m.
(does not form a part of salary for retirement benefits)
- (c) Fixed medical allowance
@ Rs. 3,000p.m.
- (d) City compensatory allowance
@ Rs. 1,500p.m.
- (e) Rent-free unfurnished accommodation was provided by the employer in the previous year, for which the company paid a rent of Rs. 8,000p.m.
- (f) Employer's contribution to his Recognised Provident Fund @ 15% of basic salary.
- (g) Interest on securities received from a private company was Rs. 20,000 in the previous year.
- (h) Professional tax deducted for the year Rs. 3,600.
- (i) The employee Sri Barua made a deposit in Post Office Public Provident Fund for Rs. 50,000 in the previous year.

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