

INTERMEDIATE EXAMINATION

December 2014

P-7(DTX)

Syllabus-2012

Direct Taxation

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

Wherever required, the candidate may make suitable assumptions and state them clearly in the answers.

Working notes should form part of the relevant answers.

All sub-divisions of a question should be answered continuously.

All the questions relate to the assessment year 2014-15 and the provisions stated relate to the Income-tax Act, 1961, unless stated otherwise in the question.

Section A

[Question No. 1 is compulsory and answer any four from Q. Nos. 2 to 6 in this section.]

1. (a) Fill up the blanks: 1×8=8
- (i) Deduction under section 80G for donation to National Children's Fund is _____ per cent.
 - (ii) Life Insurance premium paid in excess of _____ per cent of the actual capital sum assured is not deductible under section 80C, in respect of policies issued on or after 01.04.2012.
 - (iii) Commodities transaction tax is _____ even if it is incurred in the course of business.
 - (iv) Buy back of unlisted shares by a company is _____ in the hands of the shareholder.
 - (v) Rebate under section 87 is to be calculated _____ the levy of education cess.
 - (vi) Rate of income-tax applicable for foreign institutional investors in respect of income from notified bonds and government securities is _____.
 - (vii) The due date for furnishing Annual Information Return is _____.
 - (viii) Sale of gold coin in excess of _____ is liable for tax collection at source.
- (b) Choose the most appropriate alternative: 1×5=5
- (i) Deduction for investment in new plant or machinery under section 32AC is applicable for
 - (A) all assessees
 - (B) companies
 - (C) partnership firms
 - (D) individuals

(ii) Income of securitization trust from the activity of securitization is

(A) exempt [section 10(23DA)]

(B) taxable at 20%

(C) taxable at 5%

(D) taxable at the regular rates

(iii) Royalty paid by State Government undertaking to the State Government is

(A) deductible

(B) inadmissible

(C) 50% deductible

(D) 20% deductible

(iv) Time limit for setting up undertaking for generation of power to avail deduction under section 80-IA is available upto

(A) 31.03.2017

(B) 31.03.2016

(C) 31.03.2013

(D) 31.03.2014

(v) The maximum deduction under Rajiv Gandhi Equity Savings Scheme is

(A) ₹ 10,000

(B) ₹ 50,000

(C) ₹ 1,00,000

(D) ₹ 25,000

2. (a) What are “profits in lieu of salary” as per section 17(3) of the Income Tax Act, 1961? 3

(b) Mr. Mahim was retrenched from service of ABC Limited. He received retrenchment compensation amounting to ₹ 8,75,000. Amount of compensation determined under the Industrial Disputes Act, 1948 is ₹ 4,80,000. The scheme of retrenchment is not approved by the Central Government. Compute the taxable retrenchment compensation. 4

(c) Mr. Singhania constructed a residential house property in Kanpur. Construction was completed on 1st April, 2013. The house was vacant from 1st April, 2014 to 31st July, 2014. The house was let out at rent of ₹ 7,500 per month from 1st August, 2013. Mr. Singhania obtained loan for the purpose of construction. Interest paid on such loan during two years prior to completion of construction amounted to ₹ 30,000. Interest paid during the year 2013-14 is ₹ 16,000. Fire Insurance premium paid is ₹ 2,000. Municipal value of the property has been assessed at ₹ 40,000. Annual corporation tax paid ₹ 3,000.

Compute income under the head “Income from House Property” for Assessment year 2014-15. 6

