

INTERMEDIATE EXAMINATION

December 2013

I-P7(ADT)

Syllabus 2008

Applied Direct Taxation

Time Allowed: 3 Hours

Full Marks: 100

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

Answer Question No. 1 which is compulsory and any five from the rest.

Wherever necessary, you may make suitable assumptions and state them clearly in your answer.

Working notes should form part of the answer.

All questions relate to the assessment year 2013-14, unless otherwise stated.

1. (a) Choose the most appropriate alternative:

1×13=13

(i) The tax rate for a local authority is

- (A) 20%
- (B) 25%
- (C) 30%
- (D) 35%

(ii) Children education allowance paid by an employer to an employee is exempted from tax under section 10(14) subject to a limit (per month) of

- (A) Rs. 50 per child
- (B) Rs. 75 per child up to a maximum of two children
- (C) Rs. 100 per child up to a maximum of three children
- (D) Rs. 100 per child up to a maximum of two children

(iii) Retrenchment compensation received by a workman in accordance with any scheme approved by the Central Government is

- (A) Fully exempted
- (B) Exempted up to maximum Rs.2 lakhs
- (C) Exempted up to Rs.3 lakhs
- (D) Exempted up to Rs.5 lakhs

(iv) Maximum amount of exemption under section 16(ii) in respect of entertainment allowance received by a Government employee is

- (A) Rs. 2,500
- (B) Rs. 5,000
- (C) Rs. 7,500
- (D) Rs. 10,000

Please Turn Over

- (v) Where a capital asset is sold by a company to its wholly-owned subsidiary company, which is an Indian company, actual cost for the purpose of depreciation to be allowed to the subsidiary company is
- (A) Actual price paid by the subsidiary company
 - (B) Book WDV to the holding company
 - (C) WDV as per section 43(6) to the holding company
 - (D) Fair market value of the asset on the date of such sale
- (vi) If a company incurs expenditure (other than expenditure on any land or building) of Rs. 1 lakh on any skill development programme notified by the Central Government, the company is entitled to a deduction of
- (A) Rs. 1 lakh
 - (B) Rs. 1.25 lakhs
 - (C) Rs. 1.50 lakhs
 - (D) Rs. 2 lakhs
- (vii) In case of transfer of a capital asset by an assessee who acquired the same from his father by way of gift, the cost of acquisition of such asset for the purpose of computing capital gain is
- (A) Nil
 - (B) Cost of acquisition of the asset to father
 - (C) Fair market value of the asset on the date of gift
 - (D) Arm's length price of the asset on the date of gift
- (viii) A short-term capital loss in the current year can be set-off only against—
- (A) Any capital gain in the current year
 - (B) Any short-term capital gain only
 - (C) Any long-term capital gain only
 - (D) Any income under other heads of income
- (ix) Deduction is allowed under section 57 from income in the nature of family pension to the extent of lower of
- (A) Rs. 7,500 or 33.33% of such income
 - (B) Rs. 10,000 or 33.33% of such income
 - (C) Rs. 15,000 or 30% of such income
 - (D) Rs. 15,000 or 33.33% of such income

