

**PAPER-7**

**APPLIED DIRECT TAXATION**

**REVALIDATION TEST PAPER-RV/07/ADT/2010**

**Time Allowed-3 Hours**

**Full Marks-100**

**Answer Question No I which is compulsory and any five from the rest**

Q1(a). What is the tax incidence of contribution made by an employer to the pension scheme of Central Government?

2

Q1(b) What is the cost of acquisition of sweat equity shares in the hands of the employee?

2

Q1©. Gratuity of Rs. 1,20,000 is received in August, 2007 by Mr. M, a legal heir of Mr. R aged 45 years who died on June 28, 2007. Is it taxable?

2

Q1(d).Cash gifts received under section 56(2) (vi) from non-relatives are not taxable upto

- (1) Rs. 1,00,000;
- (2) Rs. 75,000;
- (3) Rs. 50,000;
- (4) Rs. 25,000.

2

Q1(e).Mr. A has three minor children deriving interest from bank deposits to the tune of Rs. 2,000, Rs. 1,300 and Rs. 1,600 respectively. Exemption available under section 10(32) of the Income-tax Act, 1961 is

- (1) Rs. 4,900;
- (2) Rs. 4,300;
- (3) Rs. 4,500;
- (4) None of the above.

2

Q1(f).Miss Femina, aged 17, is married to Mr. Masculine. Her mother alone is alive. Income by way of interest on loans, of Miss Femina will be

- (1) Assessed to tax in the hands of Mr. Masculine;
- (2) Assessed to tax in the hands of her mother;

- (3) Taxable in her own hands;
- (4) None of the above. 2

Q1(g).Mr. X gifts Rs. 60,000 to the HUF of which he is member; said amount will be treated as income of

- (1) Mr. X;
- (2) The HUF;
- (3) None, as it is exempt;
- (4) None of the above 2

Q1(h).Short-term capital gains arising from sale of listed shares through a recognized stock exchange, for which security transaction tax has been paid, will be charged to tax at a concessional rate of 10%. 2

Q1(i).The following is not a venture capital undertaking for the purposes of section 10(23F), if engaged in business of :

- (1) Generation of power;
- (2) Telecommunications;
- (3) Providing infrastructural facility;
- (4) Dairy farming whose shares are not listed in a recognised stock exchange. 2

Q1(j).In valuation of immovable property in Bangalore, the specified area means ..... of the aggregate area, for wealth-tax purposes.

- (1) 60 per cent;
- (2) 65 per cent;
- (3) 70 per cent;
- (4) 75 per cent. 2

Q1(k)The urban lands of Mr. A were required by the State Government 10 years back and compensation of Rs. 10 lakhs was awarded by the Court in February, 2008 and the same was received in May, 2008.

State the consequences under the Income-tax Act, 1961, showing clearly the year of taxability. What will happen if Mr. A dies and Mr. L, his legal heir receives the enhanced compensation? 5

2(a) Mr a has joined K ltd on July 2006inthe scale of Rs15000-1500-21000-2500-31000. Compute the Gross salary for the relevant Previous year. 4

- (b) Elaborate on what are to be taxed as profits in lieu of salary 6
- © Mr B TAKES A INTEREST FREE LOAN OF Rs250000 on 1ST November of the relevant Previous year to construct his house. The loan is repayable in 50 monthly instalments from January of the relevant previous year. Compute the value of perquisite. (SBI lending rate-8.5% p.a) 5
- 3(a) Is it possible for the net annual value of a house property to be negative? What will be the tax treatment if income under the head 'income from house property' is negative? 6
- (b) What do you mean by composite rent? What is the tax treatment of Composite rent under the Income TAX Act-1961. 9
- 4(a) Write a short note on –Special provisions for computing the profits and gains of civil construction u/s 44AD OF The Income Tax Act 1961. 7
- (b) What are intangible assets? Give four examples. What is the rate of depreciation on a block of intangible assets? 8
- 5(a) P commenced a business on 10/05/1992. The said business is sold by J ON 25<sup>TH</sup> August of the relevant previous year and he received Rs 10 lacs towards goodwill. Compute Capital gain of the relevant previous year.
- What will be your answer in the above case, if P had acquired the goodwill for this business for a consideration of Rs300000. 8
- (b) What is slump sale? How is capital gain computed in case of a slump sale? 7
- 6(a) Discuss the taxability of gifts received by an assessee. 7
- (b) F received the following gifts during the relevant previous year
- (i) Rs 40,000 from the elder sister
  - (ii) Rs60,000 from the daughter of her elder sister
  - (iii) Rs125,000 from various on the occasion of her marriage.
  - (iv) Wrist watch valued at Rs 40,000 from his friend
- 8
- 7(a). What is the due date of filing of return of income in case of a nonworking partner of a firm whose accounts are not liable to be audited?

(b) Is e-filing of return mandatory? State the assessee's for whom e-filing of returns is mandatory?

© Can a belated return of income filed u/s 139(4) be revised?

(d) Can a revised return be further revised?

(e) Who can sign the return of HUF, if HUF does not have a major member? 3\*5

8(a) State briefly the exemptions available u/s 5 of Wealth Tax Act, 1957. 7

(b) Write a brief note on deduction available under section 80DD OF THE Income Tax Act, 1961 8

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