

[This question paper contains 22 printed pages.]

Friday, 29-11-2019

09:30 am to 12:30 pm

Assessment Yr 2019-20

Your Roll No.....

Sr. No. of Question Paper : 7011 J

Unique Paper Code : 22413304

Name of the Paper : Personal Tax Planning

Name of the Course : B.Com. (H) : SEC

Semester : III

Duration : 3 Hours

Maximum Marks : 75

### Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt **ALL** questions.
3. Answers may be written either in English or Hindi; but the same medium should be used throughout the paper.

### छात्रों के लिए निर्देश

1. इस प्रश्न-पत्र के मिलते ही ऊपर दिए गए निर्धारित स्थान पर अपना अनुक्रमांक लिखिए ।
2. सभी प्रश्न कीजिए ।
3. इस प्रश्न-पत्र का उत्तर अंग्रेजी या हिंदी किसी एक भाषा में दीजिए, लेकिन सभी उत्तरों का माध्यम एक ही होना चाहिए ।

P.T.O.

1. (a) Mr. Sameer, a citizen of USA has been coming to India every year for 100 days since 2014-15. During the financial year 2018-19, he earned the following income :

Particulars	Rs.
(a) Profits from business in Australia	3,00,000
(b) Agricultural income from Nepal	60,000
(c) Profit from business in UK controlled from India (40% is received in India)	2,00,000
(d) Interest on UK Government Bonds	1,00,000
(e) Profit on sale of property situated in India	2,60,000
(f) Pension income received in UK for services rendered in India	1,00,000
(g) Dividend received from a company registered in UK	50,000
(h) Profit from sale of property located in Uganda received in UK	2,50,000

How can he plan his visit in India so that his tax liability is reduced for Assessment Year 2019-20. Also determine his taxable income. (10)

- (b) Distinguish between Assessment Year and Previous Year. (5)

OR

Mr. Kamal a citizen of India went to Canada for employment purposes on 01.01.2016. He was

never out of India in the past. During previous years 2016-17, 2017-18, he has been in India for 100 days every year. He returned to India on a visit on 28.09.2018.

He has earned the following income during the previous year 2018-19 :

Particulars	Rs.
Interest on deposit in UK	5,00,000
Profits from business situated in Sri Lanka	8,50,000
Income from agriculture in Nepal	1,75,000
Income from house property situated in Kolkata	2,40,000

Will it be advisable for him to visit India on 02.10.2018. Determine his taxable income in both the cases.

(15)

- (क) मि. समीर, यूएसए का नागरिक 2014-15 से 100 दिनों के लिए हर साल भारत आ रहा है। वित्तीय वर्ष 2018-19 के दौरान, उन्होंने निम्न आय अर्जित की :

विवरण	रु.
(क) ऑस्ट्रेलिया में व्यापार से लाभ	3,00,000
(ख) नेपाल से कृषि आय	60,000
(ग) यूके में भारत से नियंत्रित व्यवसाय से लाभ (भारत में 40% प्राप्त होता है)	2,00,000

(घ) यूके सरकार बांड पर ब्याज	1,00,000
(ङ) भारत में स्थित संपत्ति की बिक्री पर लाभ	2,60,000
(च) भारत में प्रदान की गई सेवाओं के लिए यूके में पेंशन आय प्राप्त हुई	1,00,000
(छ) यूके में पंजीकृत कंपनी से प्राप्त लाभांश	50,000
(ज) यूके में प्राप्त युगांडा में स्थित संपत्ति की बिक्री से लाभ	2,50,000

वह भारत में अपनी यात्रा की योजना कैसे बना सकता है ताकि आकलन वर्ष 2019-20 के लिए उसकी कर देयता कम हो जाए। उसकी कर योग्य आय भी निर्धारित करें।

(ख) मूल्यांकन वर्ष और पिछले वर्ष के बीच भेद कीजिए।

#### अथवा

भारत के नागरिक मि. कमल 01.01.2016 को रोजगार के उद्देश्य से कनाडा गए। वह अतीत में भारत से बाहर कभी नहीं गए थे। पिछले वर्षों 2016-17, 2017-18 के दौरान, वह हर साल 100 दिनों के लिए भारत में रहे हैं। वह 28.09.2018 को भारत की यात्रा पर लौटे।

उन्होंने पिछले वर्ष 2018-19 के दौरान निम्नलिखित आय अर्जित की है:

विवरण	रु.
यूके में जमा पर ब्याज	5,00,000
श्रीलंका में स्थित व्यवसाय से लाभ	8,50,000
नेपाल में कृषि से आय	1,75,000
कोलकाता में स्थित गृह संपत्ति से आय	2,40,000

क्या उसके लिए 02.10.2018 को भारत की यात्रा करना उचित होगा। दोनों मामलों में उसकी कर योग्य आय का निर्धारण करें।

2. R submits following information regarding his salary income for the previous year 2018-19 :

Particulars	Amount in Rupees	
	Offer I	Offer II
Basic Salary	20,000 p.m.	20,000 p.m.
DA (forming part of salary)	40% of basic salary	40% of basic salary
City compensatory allowance	1,000 p.m.	1,000 p.m.
Education allowance for three children	400 p.m.	-
Education facility per Child for three children.	-	400 p.m.
Transport allowance	1,800 p.m.	-
Facility of car	-	Transport facility to commute between office to residence
Medical allowance	1,500 p.m.	-
Medical facility	-	He has got treatment in government hospital
House rent allowance (rent paid by him in Delhi, 4,200 p.m.)	4,000 p.m.	-
Rent free unfurnished accommodation	-	Accommodation owned by employer in Delhi

His income from other sources is Rs. 1,50,000. He has taken a life insurance policy of Rs. 1,00,000 for his own life for which he is paying a premium of Rs. 15,000 p.a. The policy was taken on 01.04.2014. He has taken NSC IX Issue of Rs. 50,000.

What will be his taxable income for both the offers?  
Assist him in his tax planning. (15)

OR

(a) Mr. Gupta has been getting a salary of Rs. 60,000 p.m. and DA @ 10% of Salary (40% forming part of salary). He retires on 30th November, 2018. He has been given the following options :

- (i) Monthly pension of Rs. 15,000 p.m.
- (ii)  $\frac{2}{3}$ <sup>rd</sup> of monthly pension and Rs. 8,00,000 as  $\frac{1}{3}$ <sup>rd</sup> of total commuted pension.
- (iii)  $\frac{1}{3}$ <sup>rd</sup> of monthly pension and Rs. 16,00,000 as  $\frac{2}{3}$ <sup>rd</sup> of total commuted pension.

Suggest which option is better from tax planning purposes. He does not get any gratuity. (7)

(b) Write notes on any two of the following :

- (i) Interest free loan
- (ii) Transfer of asset to employee by employer
- (iii) Free lunch/ refreshment facility (8)

R पिछले वर्ष 2018-19 के लिए अपने वेतन आय के बारे में जानकारी प्रस्तुत करता है :

राशि रुपए में

विवरण	ऑफर I	ऑफर II
बेसिक सैलरी	20,000 प्रतिमाह	20,000 प्रतिमाह
डीए (वेतन का हिस्सा)	मूल वेतन का 40%	मूल वेतन का 40%
शहर प्रतिपूरक भत्ता	1,000 प्रतिमाह	1,000 प्रतिमाह
तीन बच्चों के लिए शिक्षा भत्ता तीन बच्चों के लिए प्रति बच्चा	400 प्रतिमाह	-
शिक्षा की सुविधा	-	400 प्रतिमाह
परिवहन भत्ता	1,800 प्रतिमाह	-
कार की सुविधा	-	कार्यालय से निवास के बीच आवागमन की सुविधा

चिकित्सा भत्ता	1,500 प्रतिमाह	-
चिकित्सा सुविधा	-	उन्होंने सरकारी अस्पताल में इलाज करवाया है
मकान किराया भत्ता (दिल्ली में उसके द्वारा भुगतान किया गया किराया, 4,200 महीना)	4,000 प्रतिमाह	-
निःशुल्क किराए पर पूर्ण आवास	-	दिल्ली में नियोक्ता के स्वामित्व में आवास

अन्य स्रोतों से उनकी आय रु. 1,50,000 है। उसने अपने जीवन के लिए रुपये 1,00,000 की जीवन बीमा पॉलिसी ली है। जिसके लिए वह रु. 15,000 का प्रीमियम प्रति वर्ष दे रहा है। पॉलिसी 01.04.2014 को ली गई थी। उसने रु. 50,000 में जारी NSC IX लिए।

दोनों प्रस्तावों के लिए उसकी कर योग्य आय क्या होगी? उसकी कर योजना में उसकी सहायता करें।

#### अथवा

(क) श्री गुप्ता को रु. 60,000 प्रतिमाह का वेतन मिल रहा है। और डीए @ 10% वेतन (40% वेतन का हिस्सा)। वह 30 नवंबर, 2018 को सेवानिवृत्त होंगे। उन्हें निम्नलिखित विकल्प दिए गए हैं:

- मासिक पेंशन रु. 15,000 प्रतिमाह।
- 2/3 तक मासिक पेंशन और रु. 8,00,000 कुल कमिटेड पेंशन के 1/3 तक के रूप में।
- 1/3 तक मासिक पेंशन और रु. 16,00,000 कुल कमिटेड पेंशन के 2/3 तक के रूप में।

सुझाव दें कि कर योजना के उद्देश्यों में से कौन सा विकल्प बेहतर है। उसे कोई ग्रेच्युटी नहीं मिलती है।

(ख) निम्नलिखित में से किसी दो पर टिप्पणी लिखें:

- ब्याज मुक्त ऋण
- नियोक्ता द्वारा कर्मचारी को संपत्ति का हस्तांतरण
- मुफ्त दोपहर का भोजन/जलपान सुविधा

3. (a) Mr. Sharma lives on the ground floor of his house. He took a loan of Rs. 5,00,000 @ 12% p.a. on 01.08.2015 and additional loan of Rs. 5,00,000 @ 10% p.a. on 01.04.2016 for the construction of the ground floor; construction of which is completed on 15.09.2017. The principal amount has not been repaid on account of such loan so

far. Municipal tax paid for the ground floor is Rs. 8,000 p.a.

Mr. Sharma is planning to build the first floor of his house as an identical independent unit, for which he will have to pay the same amount of municipal taxes. He will require a loan of Rs. 10,00,000 @14%. He is sure that he can earn a rent of Rs. 13,000 p.m. if he lets out the first floor after construction is completed. The construction can be completed during the previous year.

Mr. Sharma's net computed income (other than income under the head house property) is Rs. 5,00,000 for the previous year 2018-19. From the point of view of tax planning, would you advise Mr. Sharma to go ahead with the construction of the first floor & let it out.

Substantiate your answer by computing taxable income and tax liability for the assessment year 2019-20. (10)

- (b) Discuss how the valuation of a partly let out and partly self occupied area wise house property is determined? (5)

Mr. Chaddha (55 years old) owns two self-occupied flats in Delhi. Flat I has a Municipal Valuation Rs. 6,00,000; Fair Rent is Rs. 6,80,000; Standard Rent is Rs. 6,65,000; Municipal Taxes paid during the year Rs. 5,000; Mr. Chaddha has paid interest of Rs. 50,000 during the year for renovation of flat I.

His other flat (Flat II) has a Municipal Valuation Rs. 8,00,000; Fair Rent is Rs. 9,00,000; Standard Rent is Rs. 12,00,000; Municipal Taxes outstanding Rs. 24,000; Interest on Borrowed Capital paid by Mr. Chaddha during 2018-19 Rs. 8,50,000; past unrealized rent (pertaining to previous year 2015-16) Rs. 30,000 is recovered during the year 2018-19.

His income under the head other sources during PY 2018-19 is Rs. 6,00,000. Mr. Chaddha seeks your advice on choice of self-occupied house and his taxable income & tax liability. (15)

- (क) श्री शर्मा अपने घर के भूतल पर रहते हैं। उन्होंने रु. 5,00,000 @ 12% प्रति वर्ष 01.08.2015 को और रु. 5,00,000 का अतिरिक्त ऋण @ 10% प्रति वर्ष भूतल के निर्माण के लिए 01.04.2016 को जिसका निर्माण 15.09.2017 को पूरा हो गया

है। इस तरह के ऋण के लिए अब तक मूल राशि नहीं चुकाई गई है। भूतल के लिए नगरपालिका कर का भुगतान रु. 8,000 प्रति वर्ष।

श्री शर्मा एक समान स्वतंत्र इकाई के रूप में अपने घर की पहली मंजिल बनाने की योजना बना रहे हैं, जिसके लिए उन्हें नगरपालिका करों की समान राशि का भुगतान करना होगा। उसे रुपये 10,00,000 @ 14% के ऋण की आवश्यकता होगी। उसे यकीन है कि वह रुपये 13,000 प्रतिमाह का किराया कमा सकता है। अगर वह निर्माण पूरा होने के बाद पहली मंजिल को छोड़ देता है। निर्माण पिछले वर्ष के दौरान पूरा किया जा सकता है।

श्री शर्मा की शुद्ध गणना आय पिछले वर्ष 2018-19 के लिए रु. 5,00,000 (हेड हाउस की संपत्ति के तहत आय के अलावा) है। कर नियोजन के दृष्टिकोण से, क्या आप श्री शर्मा को पहली मंजिल के निर्माण के साथ आगे बढ़ने की सलाह देंगे।

आकलन वर्ष 2019-20 के लिए कर योग्य आय और कर देयता की गणना करके अपना उत्तर दें।

(ख) चर्चा करें कि आंशिक रूप से बाहर जाने और आंशिक रूप से स्व-अधिकृत क्षेत्र वार हाउस संपत्ति का मूल्यांकन कैसे निर्धारित किया जाता है ?

अथवा

मि. चड्ढा (आयु 55 वर्ष) दिल्ली में दो स्व-अधिकृत फ्लैटों के मालिक हैं। फ्लैट I में नगरपालिका मूल्य रु. 6,00,000; उचित किराया रु. 6,80,000; स्टैंडर्ड किराया रु. 6,65,000; वर्ष के दौरान नगरपालिका कर का भुगतान रु. 5000 किया। मि. चड्ढा ने फ्लैट I के नवीकरण के लिए वर्ष के दौरान रु. 50,000 ब्याज दिया।

उनके अन्य फ्लैट (फ्लैट II) में नगरपालिका मूल्यांकन रु. 8,00,000; उचित किराया रु. 9,00,000; स्टैंडर्ड किराया रु. 12,00,000; नगरपालिका कर बकाया रुपये 24,000; वर्ष 2018-19 के दौरान मि. चड्ढा द्वारा प्रदत्त उधार पूंजी पर ब्याज रु. 8,50,000; पिछले अघोषित किराए (पिछले वर्ष 2015-16 से संबंधित) रु. 30,000 वर्ष 2018-19 के दौरान वसूल किए।

PY 2018-19 के दौरान प्रमुख अन्य स्रोतों के तहत उनकी आय रु. 6,00,000। मि. चड्ढा ने स्व-कब्जे वाले घर की पसंद और उनकी कर योग्य आय और कर देयता के बारे में आपकी सलाह लेता है।

(a) The following is the Profit and Loss Account of Mr. Amit Gupta for the year ended 2018-19, who is engaged in the business of manufacturing readymade garments.

## Profit and Loss A/c for the year up to 31.03.2019

Particulars	Amount in Rs.	Particulars	Amount in Rs.
Opening Stock	5,50,000	By Sales	82,30,000
Purchases	64,59,000	Closing Stock	6,60,000
Salaries	9,50,000	Recovery of bad debt (Not allowed deduction earlier)	80,000
Rent, Rates and Taxes	1,60,000	Misc. Receipts	45,000
Staff welfare expenses	85,000		
Household expenses	60,000		
Interest on capital of Mr. Amit	20,000		
Provision for bad debt	16,500		
Custom duty	1,90,000		
Depreciation	1,50,000		
Payment of royalty outside India	3,00,000		
Net profit	74,500		
	90,15,000		90,15,000

Other Information :

- (i) Household expenses include Medical Insurance Premium of Rs. 30,000 paid on the health insurance of Mr. Amit.
- (ii) Depreciation is in respect of Machinery of Rs. 10,00,000 which was purchased on 15<sup>th</sup> May, 2018, but was installed on 3<sup>rd</sup> October 2018. The rate of depreciation is 15% p.a.
- (iii) Custom duty was paid as below :
- Rs. 30,000 on 20<sup>th</sup> March, 2018
- Rs. 20,000 on 28<sup>th</sup> September, 2018
- Rs. 1,40,000 on 3<sup>rd</sup> October, 2018.

- (iv) The tax was not deducted at source in respect of payment of royalty outside India.

The due date of filing of return of income is 30.09.2019. Determine the taxable income of Mr. Amit for the Assessment Year 2019-20 if he does not opt for presumptive taxation. Also what measures you suggest, he could have taken to reduce his taxable income. (10)

- (b) Distinguish between Long term and Short term Capital Asset. In respect of which asset indexation is not allowed? (5)

OR

- (a) Explain the method of charging depreciation under the Income Tax Act. What measures do you suggest should be taken from tax planning purpose while buying any Plant and Machinery? (10)
- (b) Discuss how an individual can reduce his taxable liability on the transfer of residential house, being long term capital asset. Can a company also get similar exemption? (5)

- (क) वर्ष 2018-19 को समाप्त हुए श्री अमित गुप्ता का लाभ और हानि खाता निम्नलिखित है, जो रेडीमेड कपड़ों के विनिर्माण में लगे हुए हैं।

31.03.2019 तक वर्ष के लिए लाभ और हानि लेखा

विवरण	राशि रु. में	विवरण	राशि रु. में
ओपनिंग स्टॉक	5,50,000	बिक्री द्वारा	82,30,000
खरीदारी	64,59,000	क्लोजिंग स्टॉक	6,60,000
वेतन	9,50,000	खराब ऋण की वसूली (पहले कटौती की अनुमति नहीं)	80,000
किराया, दरें और कर	1,60,000	विविध रसीदें	45,000
कर्मचारी कल्याण खर्च	85,000		
घरेलू खर्च	60,000		
मि. अमित की पूंजी पर ब्याज	20,000		
अशोध्य ऋण के लिए प्रावधान	16,500		
कस्टम ड्यूटी	1,90,000		
मूल्यहास	1,50,000		
भारत के बाहर रॉयल्टी का भुगतान	3,00,000		
शुद्ध लाभ	74,500		
	90,15,000		90,15,000

अतिरिक्त जानकारी :

- (i) घरेलू खर्च में शामिल रुपये 30,000 का मेडिकल बीमा प्रीमियम मि. अमित के स्वास्थ्य बीमा पर भुगतान किया गया।
- (ii) मूल्यहास रुपये 10,00,000 की मशीनरी के संबंध में है। जो 15 मई, 2018 को खरीदी गई थी, लेकिन 3 अक्टूबर, 2018 को स्थापित किया गया था। मूल्यहास की दर 15% प्रति वर्ष है।
- (iii) कस्टम ड्यूटी का भुगतान निम्नानुसार किया गया था :  
रुपये 30,000, 20 मार्च 2018 पर  
रुपये 20,000, 28 सितंबर 2018 पर  
रुपये 1,40,000, 3 अक्टूबर, 2018 को।
- (iv) भारत के बाहर रॉयल्टी के भुगतान के संबंध में स्रोत पर कर नहीं काटा गया था।

आय के रिटर्न दाखिल करने की नियत तारीख 30.09.2019 है। आकलन वर्ष 2019-20 के लिए मि. अमित की कर योग्य आय का निर्धारण करें यदि वह अनुमानात्मक कराधान का विकल्प नहीं चुनता है। आप उसको क्या उपाय सुझाते हैं जिससे की वह अपनी कर योग्य आय को कम करने के लिए ले सकता है।

- (ख) लॉन्ग टर्म और शॉर्ट टर्म कैपिटल एसेट के बीच अंतर स्पष्ट कीजिए। किस संपत्ति के संबंध में अनुक्रमण की अनुमति नहीं है ?

अथवा

- (क) आयकर अधिनियम के तहत मूल्यहास चार्ज करने की विधि को समझाइए। किसी भी प्लांट और मशीनरी को खरीदते समय आपको क्या सुझाव देना चाहिए कि कर, योजना के उद्देश्य से लिया जाना चाहिए ?
- (ख) चर्चा करें कि आवासीय मकान के हस्तांतरण पर एक व्यक्ति अपनी कर योग्य देयता को कैसे कम कर सकता है, दीर्घकालिक पूंजीगत संपत्ति होने के नाते, क्या किसी कंपनी को भी इस तरह की छूट मिल सकती है ?

5. (a) Explain the provisions relating to taxability of interest on securities and lottery income. (8)

- (b) Ms. Pallavi (32 years old) is employed as manager of a company in Delhi and submits the following particulars of her income.

Salary Rs. 30,000 p.m, Dearness Allowance Rs. 5,000 p.m. (forms a part of all retirement benefits). Her employer contributes Rs. 50,000 per annum towards the National Pension scheme (NPS) and she herself contributes Rs. 92,000 p.a. Her income from other sources is Rs. 5,00,000. She invested Rs. 24,000 in National Savings Certificates (IX Issue) and Rs. 65,000 in Public Provident Fund with SBI and Rs.4,000 towards Life Insurance Premium on her own life. She has invested Rs. 30,000 in an annuity plan of LIC eligible for deduction under 80CCC.

Compute the net taxable income of Ms. Pallavi for the assessment year 2019-20 and advise Ms. Pallavi whether she and her employer should reduce their contribution to the NPS. (7)

OR

- (a) Mr. Madhukar is planning to sell land owned by him situated in an urban area that is being used by his parents for agriculture. He has received a concrete offer of Rs. 50,80,000 on 01.03.2019 whereas the stamp duty valuation is Rs. 60,00,000.

He will need to pay brokerage @2%. He acquired this land on 01.03.2006 for Rs. 3,50,000. He owns only one residential house property. Advise him about investment options to save capital gains tax on the assumption that he wants to invest Rs. 30 lakhs in a residential house.

(CII 2005-06: 117 & 2018-19:280) (10)

(b) Explain the provisions relating to gifts received in money by an individual. (5)

(क) प्रतिभूतियों और लॉटरी आय पर ब्याज की कराधान से संबंधित प्रावधानों की व्याख्या करें।

(ख) सुश्री पल्लवी (आयु 32 वर्ष) दिल्ली में एक कंपनी के प्रबंधक के रूप में कार्यरत हैं और अपनी आय के निम्नलिखित विवरण प्रस्तुत करती हैं।

वेतन रु. 30,000 प्रतिमाह, महंगाई भत्ता रु. 5,000 प्रतिमाह (सभी सेवानिवृत्ति लाभों का एक हिस्सा है)। उसका नियोक्ता रु. 50,000 का योगदान राष्ट्रीय पेंशन योजना (एनपीएस) को प्रतिवर्ष करता है और वह स्वयं भी रु. 92,000 प्रति वर्ष योगदान करती है। अन्य स्रोतों से उसकी आय रु. 5,00,000 है। उसने

रुपये 24,000 का निवेश राष्ट्रीय बचत पत्र (IX जारी) में किया और रु. 65,000 एसबीआई के साथ पब्लिक प्रोविडेंट फंड में और रु. 4000 खुद के जीवन पर लाइफ इंश्योरेंस प्रीमियम में किया। उसने रुपये 30,000 का एलआईसी की वार्षिकी योजना में निवेश किया है जो 80CCC के तहत कटौती के लिए पात्र है।

आकलन वर्ष 2019-20 के लिए सुश्री पल्लवी की शुद्ध कर योग्य आय की तुलना करें और सुश्री पल्लवी को सलाह दें कि क्या वह और उनके नियोक्ता को एनपीएस में उनके योगदान को कम करना चाहिए।

अथवा

(क) मि. मधुकर शहरी क्षेत्र में स्थित उनके स्वामित्व वाली भूमि को बेचने की योजना बना रहे हैं, जिसका उपयोग उनके माता-पिता कृषि के लिए कर रहे हैं। उन्हें रुपये 50,80,000 का 01.03.2019 पर एक ठोस प्रस्ताव मिला है, जबकि स्टाम्प शुल्क मूल्यांकन रु. 60,00,000 है। उसे ब्रोकरेज @ 2% का भुगतान करना होगा। उन्होंने रु. 3,50,000 में 01.03.2006 को इस भूमि का अधिग्रहण किया। वह केवल एक आवासीय घर की संपत्ति का मालिक है। उसे उस निवेश पर पूंजीगत लाभ कर बचाने

के लिए निवेश विकल्पों के बारे में सलाह दें जिस पर वह एक आवासीय घर में रुपये 30 लाख का निवेश करना चाहता है।

(CII 2005-06: 117 & 2018-19:280)

(ख) किसी व्यक्ति द्वारा रुपये में प्राप्त उपहार से संबंधित प्रावधानों को समझाइए।

**Dr. S. B. Rathore (Not Paper Setter)**

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**B.Com. (Hons) II year, Semester-III (Assessment Year 2019-20)****Skill Enhancement Course Paper - Personal Tax Planning**

Max Marks 75, Time 3 Hours, Unique Paper Code 22413304

Examination Held on Friday, 29-11-2019 (09:30 am to 12:30 pm)

Solutions by Dr SB Rathore (Not Paper Setter), Associate Professor of Commerce, Shyam Lal College

Had discussions with Dr MP Sharma (DAV College); Kashif Ansari (Hansraj College) &amp; Varun Pawar (Shyam Lal College)

**We respect your right to differ from my Assumptions / Tax Calculations / Observations**

Q.1 (a)	Sameer, USA Citizen coming to India @ 100 days since FY 2014-15	NOR		10 Marks
	To become Non-Resident in PY 2018-19, he should visit India for Less than 60 days		on or after 01/02/2019	
		Resident	NOR	Non-Resi
(a)	Profit from Business in Australia	300000		
(b)	Agri Income from Nepal	60000		
(c.)	Profit from Business in UK controlled from India (40% Rece)	200000	200000	80000
(d)	Interest on UK Govt Bonds	100000		
(e.)	Profit on sale of Property in India	260000	260000	260000
(f)	Pension received in UK for services in India	100000	100000	100000
(g)	Dividend received from UK Registered Company	50000		
(h)	Profit on sale of Property in Uganda (Rece in UK)	250000		
		<b>1320000</b>	<b>560000</b>	<b>440000</b>
(b)	Distinguish between Assessment Year & Previous Year			5 Marks
or				
Q.1	Kamal, Indian Citizen went to India on 01-01-16 for Employment (182 Days)			15 Marks
	Stay in India (2015-16) till 31-12-15	276		
	Stay in India (2016-17)	100		
	Stay in India (2017-18)	100		
	Stay in India (2018-19) Returned to India on 28-09-18	185	ROR	
	To become Non-Resident in PY 2018-19, he should visit India on or after 02-10-18			
	If visiting India on 02-10-18, Stay less than 182 Days during PY 2018-19	181	NR	
		Resident	NOR	Non-Resi
	Interest on Deposits in UK	500000		
	Profit from Business situated in Sri Lanka (Controlled-Outside India)	850000		
	Income from Agriculture in Nepal	175000		
	House Property Income situated in Kolkata	240000	240000	240000
		<b>1765000</b>	<b>240000</b>	<b>240000</b>

**Offer-I**

Basic Salary @ 20000 p.m.	240000	240000
DA (Forming part of Salary) 40% of Basic Salary	96000	96000
City Compensatory Allowance @ 1000 p.m.	12000	12000
Education Allowance for Three Children @ 400 p.m.	14400	12000
Transport Allowance @ 1800 p.m.	21600	21600
Medical Allowance @ 1500 p.m.	18000	18000
HRA (Rent paid 50400; Rece 48000, Excess 16800 (50400 - 33600))	48000	31200
		<hr/>
Gross Salary		430800
Less Standard Deduction		<hr/> 40000
Income Chargeable under the head Salary		390800
Income from Other Sources		<hr/> 150000
		<hr/>
Gross Total income		540800
Less Deduction u/s 80C (LIC 10000 + NSC 50000)		<hr/> 60000
		<hr/>
Total income		<b>480800</b>
		<hr/>
Tax Liability		11540
Add Health and Education cess @ 4%		<hr/> 462
		<hr/>
		12002

AY 2019-20, Extra Saving u/s 80C & 80CCD (1B) Rs. 140000, Rebate 87A (350000) **300000-No Tax**

**Offer-II**

Basic Salary @ 20000 p.m.	240000	240000
DA (Forming part of Salary) 40% of Basic Salary	96000	96000
City Compensatory Allowance @ 1000 p.m.	12000	12000
Education Facility per Child for Three Children	14400	0
Car Facility (Between Residence and Office)		0
Medical Facility (Treatment in Govt Hospital)		0
Rent Free Unfurnished Accommodation (Owned by Employer @ 15%)	<b>348000</b>	<hr/> 52200
		<hr/>
Gross Salary		400200
Less Standard Deduction		<hr/> 40000
Income Chargeable under the head Salary		360200
Income from Other Sources		<hr/> 150000
		<hr/>
Gross Total income		510200
Less Deduction u/s 80C (LIC 10000 + NSC 50000)		<hr/> 60000
		<hr/>
Total income		<b>450200</b>
		<hr/>
Tax Liability		10010
Add Health and Education cess @ 4%		<hr/> 400
		<hr/>
		<b>10410</b>

AY 2019-20, Extra Saving u/s 80C 90000; 80CCD (1B) Rs. 50000 & Other RS.10200

Rebate 87A

or

Q.2 (a) Mr Gupta Retiring on 30-11-2018, Three options (Assuming Non-Govt)

7 Marks

Salary (01-04-18 to 30-11-18) @ 60000 p.m.	480000
DA @ 10% of salary (Forming part of salary)	48000

**Option-1 Monthly Pension (Full)**

Salary (01-04-18 to 30-11-18) @ 60000 p.m.	480000
DA @ 10% of salary (Forming part of salary)	48000
Monthly Pension @ 15000 p.m.	60000
Commutated Pension (Not Opted)	0
	<u><b>588000</b></u>

**Option-II Monthly Pension (2/3)**

Salary (01-04-18 to 30-11-18) @ 60000 p.m.	480000
DA @ 10% of salary (Forming part of salary)	48000
Monthly Pension @ 10000 p.m.	40000
Taxable Commuted Pension	0
	<u><b>568000</b></u>

**Best**

Commutated Pension (1/3 Commuted)

<i>Total Pension Value</i>	2400000
<i>Commutated Value Received</i>	800000
<i>Less Exempted (One half, if not receipt of Gratuity)</i>	1200000

**Option-III Monthly Pension (1/3)**

Salary (01-04-18 to 30-11-18) @ 60000 p.m.	480000
DA @ 10% of salary (Forming part of salary)	48000
Monthly Pension @ 5000 p.m.	20000
Taxable Commuted Pension	400000
	<u><b>948000</b></u>

Commutated Pension (1/3 Commuted)

Total Pension Value	2400000
Commutated Value Received	1600000
Less Exempted (One half, if not receipt of Gratuity)	1200000

(b) Short Notes on any two

8 Marks

- (i) Interest free Loan
- (ii) Transfer of assets to Employee by Employer
- (iii) Free Lunch / Refreshment Facility

Q.3 (a) Mr Sharma living on Ground Floor

10 Marks

Housing Loan @ 12 % p.a. on 01-08-15	500000
Housing Loan @ 10 % p.a. on 01-04-16	500000
Construction Completed on 15-09-2017	
<b>Pre-Construction Intt on Housing Loan</b>	
Housing Loan @ 12 % p.a. on 01-08-15 to 31-03-17	100000
Housing Loan @ 10 % p.a. on 01-04-16 to 31-03-17	50000
	<u><b>150000</b></u>

Current Year Intt on Housing Loan (10 Lakhs for 12 Months)	-110000
Pre-Construction Intt on Housing Loan (150000 / 5)	-30000
Intt on Self-occupied House for PY 2018-19	<u><b>-140000</b></u>

Planning to Build First Floor (**Assuming Construction Completed on 01-04-18**) AY 2019-20

(Dates not Given: Date of Completion of Construction, Housing Loan, Let Out)

Gross Annual Value (Monthly Rent @ 13000)	156000
Less Municipal Taxes paid for First Floor	8000
	<u>148000</u>
Less Std Deduction 30 % of NAV	44400
Less Intt on Housing Loan (1000000 @ 14%)	140000
Income from House Property	<u><b>-36400</b></u>

**Option-1 (No Planning to build FF; No Tenant; No Tension, Enjoying Roof)**

Income from House Property (GF and FF)	-140000
Income from Other Sources	500000
Gross Total Income / Total Income	<u>360000</u>
Tax Liability	5500
Add Health & Edu Cess @ 4%	220
<b>Tax Liability</b>	<u><b>5720</b></u>

**Option-2 (Planning to build FF for Hoping to get Good Tenant and Regular Income) Better**

Income from House Property (GF and FF)	-176400
Income from Other Sources	500000
Gross Total Income / Total Income	<u>323600</u>
Income Tax	3680
Less Rebate u/s 87A	2500
	1180
Add Health & Edu Cess @ 4%	47
<b>Net Tax Liability</b>	<u><b>1227</b></u>
	Better

(b) Valuation of a House Property (Area Wise) -Partly Let out and Partly Self-occupied  
(Treat each property as separate unit; GF-Let out & FF-Self Occupied )

5 Marks

		Flat-I	
Municipal Valuation		600000	
Fair Rent		680000	
Standard Rent		665000	
Municipal Taxes paid		5000	
Interest on Housing Loan (Renovation)		50000	
		Flat-II	
Municipal Valuation		800000	
Fair Rent		900000	
Standard Rent		1200000	
Municipal Taxes Outstanding		24000	
Interest on Housing Loan		850000	
Unrealized Rent Received pertaining to Prev Year (PY 2015-16)		30000	
Income from Other Sources		600000	
<b>Option-1 (Flat-I as SOP &amp; Flat-II as Deemed to be Let-out)</b>			
House Property (Flat-I as SOP)			
Interest on Housing Loan			-30000
House Property (Flat-2 as Deemed to be Let-Out)			
Gross Annual Value			900000
Less Std Deduction 30%		270000	
Less Intt on Housing Loan		850000	1120000
			-220000
Unrealized Rent Received (Rs. 30000 Less Std Ded 30%)			21000
<b>Net Income from House Property (Rs. 29000 will be c/f to Next AY 2020-21)</b>			<b>-229000</b>
 <b>Option-2 (Flat-I as Deemed to be Let-out and Flat-II as Self-Occupied)</b>			
House Property (Flat-I as Deemed to be Let-Out)			
Gross Annual Value		665000	
Less Municipal Taxes paid		5000	
Net Annual Value			660000
Less Std Deduction 30%		198000	
Less Intt on Housing Loan		50000	248000
			412000
House Property (Flat-2 as SOP)			
Less Intt on Housing Loan Rs. 850000 (Max allowed Rs. 2 Lakhs)			-200000
Unrealized Rent Received (Rs. 30000 Less Std Ded 30%)			21000
			<b>233000</b>
Income from House Property (Flat-1 SOP and Flat-2 DLO)		-200000	
<i>(House Property Loss Rs. 29000 will be c/f to AY 2020-21)</i>			
Income from Other Sources		600000	
		400000	
Gross Total Income / Total Income		400000	
	Income Tax		7500
	Add Health and Education Cess @ 4%		300
	Tax Liability		<b>7800</b>

Q.4 (a) Profit and Loss a/c of Ankit Gupta for the year 2018-19

10 Marks

Income from Business / Profession

Net Profit as per Profit and Loss a/c		74500
Add Household Exps (Medical Insurance Prem)	30000	
Household Exps (Other than Medical Insurance Prem)	30000	
Depreciation	150000	
Interest on Capital	20000	
Prov for Bad Debts	16500	
Custom Duty (Paid during 2018-19) No Impact	0	
30% Non-deduction of TDS @ 100% on Royalty outside India	300000	546500
		<u>621000</u>
Less Recovery of Bad Debts	80000	
Depreciation (Full 15 % on Rs. 100000 for 180 days)	150000	230000
<b>Income from Business / Profession (Gross Total Income too)</b>		<b>391000</b>
Less Sec 80D (Medical Insurance Prem)		<u>25000</u>
	<b>Total Income</b>	<b><u>366000</u></b>
Tax Liability after Rebate u/s 87A (Not opting 44AD)	(5800 + 4%)	6032

Sec 44AD: Rs. 658400 (8% on Rs. 8230,000); if Electronic Mode @ 6%, Rs. 493800

As Declaring Income below: Section 44AA & 44AB applied; Can not claim 44AD for next 5 yrs

<b>To Reduce his Taxable Income</b>	366000
TDS Deduction on Royalty Income	<u>300000</u>
Income from Business or Profession (366000 - 300000)	<b><u>66000</u></b>
Sec 80C - Benefit (Sec 87A)	66000

(b) Distinguish between Long Term and Short Term Capital Assets, Indexation?

5 Marks

**Period of Holding**

Category A (12 Months) Listed Equity /Pref shares / Deb / Bonds / Govt Securites / Zero Coupon Bonds

Quoted or Not: UTI Units \_Units of an Equity Oriented Mutual Fund

Category B (24 Months): Unlisted Equity / Pref Shares / Immoveable Property (Land & Building)

Category C (36 Months); all other Capital Assets

**Indexation Not allowed:**

(STT Paid / SE: Listed Equity Shares / Eq Oriented Units); (Bonds or Debentures other than Capital Indexed Bonds)

(Slump Sale); Depreciable Assets (Except Power generating Units)

Units, GDR, Securities purchased in Foreign Currency (Sec 115AB-AD)

Or

Q.4 (a) Method of Charging Depreciation; Planning to buy Plant & Machinery ?

10 Marks

(b) Reduction of Tax Liability on transfer of Resi house (LTCA).

5 Marks

Can a company also get similar Exemption? 54EC

Q.5 (a) Provisions relating to Taxability of Interest on Securities and Lottery Income

8 Marks

**Intt on Securities:** Due/Accrual; Gross Intt (Not + TDS); Collection Exps / Intt on Loan for Investment

**Lottery Income:** TV\_Puzzles\_Races incl Horse Races; Card Games, Gambling, Betting

Tax @ 30%+SC+Cess; No Basic Exemption; No Exps allowed, No Ded 80C-80U, Set off Losses not allowed

(b) Taxable Income of Pallavi (32 yrs. old) of AY 2019-20

7 Marks

Salary (Rs. 30000 pm)	360000	
DA (Forming part of Salary) Rs. 5000 p.m.	60000	
Employer's Contribution towards NPS (More than 10% of Rs. 420000)	<u>50000</u>	
	Gross Salary	470000
	Less Std Deduction	<u>40000</u>
		<u>430000</u>
Income from Salary (After Std Ded)		430000
Income from other Sources		<u>500000</u>
	Gross Total income	930000
Less Deductions under Chapter VIA		
Employer's Contribution towards NPS u/s 80CCD (2) s.t 10%		42000
Employee's Contribution towards NPS u/s 80CCD (1B)		50000
Max allowed as per Sec 80CCE Rs. 150000		150000
Annuity Plan of LIC u/s 80CCC	30000	
NSCs Purchased	24000	
PPF	65000	
LIC Prem	4000	
Employee's Contribution towards NPS u/s 80CCD (1)	<u>42000</u>	
	<u>165000</u>	
	Total income	<u>688000</u>
	Income Tax	50100
	Add HEC 4%	<u>2004</u>
	Tax Liability	<u>52104</u>

**Tax planning-** Her employer should restrict the NPS contribution to 10%

She should also restrict her NPS contribution by Rs. 15000 because of max Limit

Or

Q.5 (a) Sale of Urban Agriculture Land by Madhukar (Prev year 2018-19)

10 Marks

Sale Proceeds (Offer) on 01-03-19	5080000	
Stamp Duty Valuation	6000000	
Sale Value (Exceeding 105%)		6000000
Less Brokerage (2 % on Sale Value Rs. 50,80,000)		<u>101600</u>
		5898400
Less Indexed Acq Cost (350000 * 280 / 117) on 01-03-16		<u>837607</u>
	Long Term Capital Gain	5060793
Less Exemption u/s 54F (Purchase of another Resi house) (Amt Invested 3000000 * LTCG 5060793 / Net Sale 5898400)		<u>2573983</u>
	Taxable Long Term Capital Gain Spl @ 20%	<u>2486810</u>

**Tax Planning-** Invest Rs. 2486810 within 6 Months from 01-03-2019

Section 54EC: Invest in Capital Gain Bonds - REC / NHAI

Section 54B - Purchase of Rural Agricultural Land

Deposit in Capital Gain Account - 54F

Q.5 (b) Provisions relating to Gift received in money by an individual

5 Marks

Money received without consideration: No Tax if Aggregate amount not exceeding Rs. 50000

But if aggregate amount exceeds, then the whole amount will become taxable

Exempted Categories: Relative, Marriage, Will, Inheritance, Local Authority, etc.