

Unique Paper Code: 22413304 (New Course)

Name of the Course: B. Com. (Hons.)

Name of the Paper: Personal Tax Planning

Semester: III

Duration: 3 Hours

Max Marks: 75

Open Book Examination-2020
Sat 12-12-2020 09:30 am
SET I
Attempt any Four Questions
All Questions carry equal Marks

1.

Mr. Saurabh, a citizen of UK has been coming to India every year for 100 days since 2016-17. Prior to the year 2016-17, he never visited India. During the financial year 2019-20, he earned the following income:

Particulars	Rs.
(a) Profits from business in Japan	5,00,000
(b) Agricultural income from South Africa	3,00,000
(c) Profit from business in USA controlled from India (50% is received in India)	5,00,000
(d) Interest on Canadian Government Bonds	50,00
(e) Profit on sale of property situated in India	3,00,000
(f) Pension income received in Indonesia for services rendered in India	5,00,000
(g) Dividend received from a company registered in UK	1,00,000
(h) Profit from sale of property located in Switzerland received in UK	1,00,000

How can he plan his visit in India so that his tax liability is reduced for Assessment Year 2020 - 2021. Also determine his taxable income.

2.

Sahil submits following information regarding his salary income for the previous year 2019-20:

Particulars	Offer I	Offer II
Basic Salary	Rs. 65,000 p.m.	Rs. 65,000 p.m.
DA	Rs. 17,500 p.m.	Rs. 17,500 p.m.
City compensatory allowance	Rs. 5,000 p.m.	Rs. 5,000 p.m.

Education allowance for three children	Rs. 500 p.m.	-
Education facility for three children in a school owned by the employer	-	Rs. 500 p.m.
Transport allowance	Rs. 2,000 p.m.	-
Facility of car	-	Transport facility to commute between office to residence
Medical allowance	Rs. 2,500 p.m.	-
Medical facility	-	He has got treatment in government hospital
House rent allowance (rent paid by him in Delhi- Rs. 5,000 p.m.)	Rs. 4,800 p.m.	-
Rent free unfurnished accommodation	-	Accommodation owned by employer in Delhi

His income from other sources is Rs. 6,00,000. He has taken a life insurance policy of Rs. 4,00,000 for his own life for which he is paying a premium of Rs. 40,000 p.a. The policy was taken on April 01, 2016. He has taken NSC VIII Issue of Rs. 20,000.

Advise him, which is the suitable option for him from the tax liability point of view for the Assessment Year 2020 -21

3.

Mr. Rajat (60 years) owns 3 houses which are used by him for his residential purposes. These houses are not let out throughout the previous year 2019-20. The following information is available from records of Mr. Rajat:

Particulars	House I (₹)	House II (₹)	House III (₹)
Municipal Value	12,00,000	16,00,000	27,00,000
Fair Rent	13,60,000	18,00,000	26,00,000
Standard Rent	13,20,000	19,00,000	25,00,000
Municipal taxes paid by Mr. Rajat	35,000	75,000	200,000
Interest on borrowed capital for repairs and renewal of the House (loan taken on April 01, 2018)	1,10,000	-	-
Interest paid on borrowed capital for purchase of House (Loan of Rs. 50 lakhs taken on June 01, 2017 @ 8% p.a.)	-	4,00,000	-

His other incomes are:

1. He receives monthly pension of Rs. 25,000
2. Interest on savings deposit Rs. 15,000
3. Interest on fixed deposit Rs. 40,000

You are requested to help Mr. Rajat to plan and compute his tax liability for the Assessment Year 2020-2021, assuming the best option for him.

4.

The following is the Profit and Loss Account of Mr. Chand for the year ended 2019-20, who is engaged in the business of manufacturing toys.

Profit and Loss A/c for the year up to 31.03.2020

Particulars	Amount in Rs.	Particulars	Amount in Rs.
Opening Stock	7,25,000	By Sales	90,00,000
Purchases	58,00,000	Closing Stock	5,40,000
Salaries	12,00,000	Recovery of bad debt (Not allowed deduction earlier)	42,000
Rent, Rates and Taxes	2,20,000	Misc. Receipts	35,000
Staff welfare expenses	40,000		
Household expenses	80,000		
Interest on capital of Mr. Chand	22,000		
Provision for bad debt	32,000		
Custom duty	2,10,000		
Depreciation	1,55,000		
Payment of royalty outside India	2,20,000		
Net profit	9,13,000		
	96,17,000		96,17,000

Other Information

1. Household expenses include medical insurance premium of Rs. 28,000 paid on the health insurance of Mr. Chand.
2. Depreciation is in respect of machinery of Rs. 8,00,000 which was purchased on June 10, 2019, but was installed on November 02, 2019.
3. 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 September 30, 2020. Determine the taxable income of Mr. Chand for the Assessment Year 2020-21 if he does not opt for presumptive taxation. Also, what measures you suggest, he could have taken to reduce his taxable income.

5.

Give the list of 10 transactions which are not regarded as transfer as per Section 46 and Section 47 under the head Capital Gain. Also explain deemed cost of acquisition under the head capital gain as per Section 49(1) of the Income Tax Act, 1961.

6.

Explain the provisions of Section 80EEA (Deduction for interest paid on home loan for affordable housing) and Section 80EEB (Deduction in respect of purchase of electric vehicle).

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दिल्ली विश्वविद्यालय
UNIVERSITY OF DELHI

Ref. No. / Dean (Exam.)/2020/

06th, Nov 2020

The Dean / Head
Faculty / Department of _____
University of Delhi
Delhi-110007

Subject: - General guidelines and Request for preparation of question papers based on Open Book Examination (OBE) in blended mode for III, V, VII Semester along with Essential Repeaters of I / III / V Semester and Ex-students for the Academic Session 2020-21.

Sir / Madam,

1. This is in continuation to all the guidelines issued by the Examination Branch for the Examination conducted in August and September 2020 in OBE Phase-I and Phase-II and notification Ref. No. Dean (Exams) / 2020 dated 23.10.2020, 26.10.2020 and 31.10.2020 issued in connection with OBE exams to be conducted w.e.f. 12th December 2020. All the notifications are uploaded on the Official Website of Delhi University.
2. The following related issues/ guidelines are also communicated as required for all **Under Graduate Programmes.**
 - (a) All question papers should be prepared based on Open Book Examination (OBE) mode.
 - (b) There should be six questions with instruction to attempt Four questions by students. The maximum marks shall be 75 for all question papers. All questions will carry equal marks. The duration for examination shall be for three hours.
 - (c) Question papers have to be prepared based on CBCS scheme and as per relevant guidelines. Relevant Unique Paper Code (UPC) should be mentioned for each question paper for semester I / III / V / VII, whichever is applicable.
 - (d) All questions shall be prepared in bilingual mode wherever applicable as per past practice.
 - (e) Special care should be taken in preparing question papers for PWD students as per relevant guidelines as used in the past.
 - (f) Question papers must be prepared based on the applicable syllabus for the relevant scheme.