

Unique Paper Code:	22413304	
Name of the Course:	B.Com. (Hons.)	
Name of the Paper:	Personal Tax Planning	
Semester:	III	Dr S B Rathore (Tax Doctor) # 9811116835
Duration :	3 Hours	B.Com.(Hons) SEC Optional Paper
Max Marks:	75	Open Book Examination- 2021
		Evaluation by College Teachers
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There are 6 questions out of which 4 questions have to be attempted

1.

Do you think Tax Planning & Tax Avoidance are one & the same? Justify your answer.

2.

X is a citizen of India. From the information given below, help the assessee in planning his tax liability for the Assessment Year 2021-2022, if he is resident and ordinarily resident in India, resident but not ordinarily resident in India or non resident in India.

Particulars	Amount (Rs.)
Interest on Fixed bank deposits in Indian overseas bank, Delhi	4,00,000
Income from agricultural operations in South Africa (The entire amount is directly received in South Africa and later on remitted to Hong Kong for investment purposes however no income is generated during the year out of this investment) (Agricultural operations are controlled from India but a team of professionals)	8,00,000
Salary from UNO	11,00,000
Income from house property situated in Bengaluru (Rent is received in London)	4,00,000
Pension received in Australia (Service was rendered in India with a foreign company)	1,30,000

3.

Mr. Manish has got an option to choose from below two salary packages from his employer:

Particulars	Offer I (Rs.)	Offer II (Rs.)
Basic salary	50,000 per month	50,000 per month
D.A. (forming part of retirement benefits)	5,000 per month	5,000 per month
Rent free unfurnished accommodation	Accommodation owned by the employer	-
House rent allowance	-	20,000 per month (Rent paid Rs. 24,000 per month)
Small car (1.5 CC), for personal and official purposes	Expenses are borne by the employer	-
Transport allowance	-	1,000 per month
Medical facility	10,000 p.a.	-
Medical allowance	-	10,000 per month
Education facility for his two children at a school run by the employer	1,400 per month per child	-
Education allowance	-	1,400 per month per child
Allowance for gas, electricity and water	-	1,500 per month
Facility of gas, electricity and water at the accommodation of the employer	1,500 per month	-

Advise Mr. Manish which salary package is beneficial for him for tax purposes. Calculate is taxable salary in both cases for the assessment year 2021-22.

4.

Explain the treatment of interest on borrowed capital under the head “Income from House Property” in the following situations:

(a) Let out property

(b) Self-occupied property

What other deductions are permissible under Section 24 while computing income under the head Income from House Property.

5.

What are the conditions for claiming depreciation as per Section 32 of the Income Tax Act, 1961. Explain the treatment of unabsorbed depreciation.

6.

Mr. X, sold a house to his friend Mr. Y on October 25, 2020 for a consideration of Rs. 30,00,000. He incurred Rs. 1,000 as expenses on transfer. On the date of registration, the stamp duty value of the said property was Rs. 55,00,000. He purchased the property on March 10, 1999 for Rs. 50,000 and completed construction of the house on January 15, 2004 spending another Rs. 3,50,000. Advise Mr. X as to how he can save capital gains tax on the above transaction assuming he wants to purchase three identical residential houses out of the proceeds of the property, one for himself and one each for his two major sons for the assessment year 2021-22.

Cost Inflation Index:

2020-2021: 301

2003-2004: 109

2001-2002: 100

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