CBCS- B. Com. (Hons.) Sem-III
(Academic year 2023-24)
Examination held in January-2024

1. (a) What do you mean by Tax Planning, Tax Avoidance and Tax Evasion? Differentiate between Tax Avoidance and Tax Evasion with the help of suitable examples. (10)

   (b) Who is a Senior Citizen and Super Senior Citizen under Income Tax Act 1961? What is their maximum exemption limit in

   (i) Old Tax Regime

   (ii) Alternative Tax Regime (5)

OR

(a) Discuss whether the following are tax planning or tax evasion tools:

(i) The seller of capital asset shows lesser value than the actual price for which asset is sold.

(ii) The taxpayer chooses the higher of the two costs: actual cost of purchase or fair market value as on 1 April 2001 in respect of assets purchased before 1 April 2001.

(iii) The taxpayer avails any of the two options in case of listed securities i.e., 10% rate of tax without indexation and 20% rate of tax with indexation.

(iv) X gets bill of higher amount made than the actual cost of capital asset to reduce the taxable capital gain.

(v) Y sells his depreciable assets after using for more than 15 years and treats the gain as long-term capital gain. (5)

(b) The incidence of tax is based on the residential status of an individual. Explain. (10)

2. Prepare suitable salary plan for aspirant employee of ABC Ltd. having package of Rs. 20 Lakhs per annum so that tax liability is minimum under

(a) Old Tax Regime

(b) Alternative Tax Regime (15)

OR

PQR Ltd. has offered a job to Mr. X in Delhi at a basic salary of Rs. 30,000 per month, dearness allowance (which does not form a part of retirement benefits) of Rs. 30,000 per month and fixed commission of Rs. 4,000 per month. PQR Ltd. also gave an option to him to choose any of the following two packages :

Package I :

(a) House rent allowance: Rs. 8,000 p.m. (Rent to be paid by Mr. X to any third party for a rented accommodation: Rs.10,000 p.m.).

(b) Education allowance: Rs. 800 p.m. (for one child).

(c) Telephone allowance: Rs. 1,900 p.m.

(d) Medical allowance: Rs. 3,000 p.m.

(e) Conveyance allowance: Rs. 1,500 p.m. (for private use).

Package II :

(a) Company owned accommodation (Fair market value being Rs. 96,000 p.a.).

(b) Education facility for one child of the employee in an educational institution maintained & owned by the employer: Rs. 800 p.m. (However, cost of such education in a similar institution in the locality is Rs. 950 p.m.).

(c) Free telephone facility at Mr. X's residence: Rs. 1,900 p.m.

(d) Expected medical reimbursement for the treatment of Mr. X in a private clinic of a doctor: Rs. 36,000 p.a.

(e) Motor car facility for private use: Rs.18,000 p.a.

The company also offers Mr. X the services of watchman, sweeper and gardener in both the above packages. The salary of each employee is ₹3,000 p.m.

Which package should Mr. X choose to reduce his tax liability for the assessment year 2023-24 when he has opted for alternate taxation scheme under section 115BAC? (15)

3. Safal is a Medical Professional who deposits all receipts in his bank account and pays all expenses by cheque. Receipt and Payment Account for the AY 2023-24 is given below :

Particulars	Rs.	Particulars	Rs.
Balance b/d	10,000	Salaries	10,14,000
Professional Receipts	31,40,000	Rent of Office	6,84,000
Dividend from U.T.I.	8,000	Audit Fees	23,000
Rent from Residential House Property	72,000	Telephone expenses	51,000
Share of Income (H.U.F.)	10,0000	Misc. Office Expenses	55,000
		Motor Car Expenses	8,000
		Advanced Income Tax	40,000
		Personal Expenses	45,000
		House Property Expenses (Municipal taxes of Rs. 5,000 and Insurance of Rs. 5,000)	10,000
		Balance c/f	13,10,000
	32,40,000		**32,40,000**

Other Information :

(a) Written down value of the car as on 1-4-2022 was Rs. 6,00,000, depreciation on car @ 15%.

(b) He stays in his house, the municipal value of which is Rs. 60,000. All the expenses which has been included in the above account are in respect of this house.

Compute the Gross Total Income of Safal assuming that :

(i) He opts for Presumptive Income under section 44ADA.

(ii) He does not opts for Presumptive Income under section 44ADA.

Advise Safal to choose between the above options where his tax liability is lower. (15)

OR

Mr. Kushal has 3 house properties which he uses for his own residential purposes.

Particulars	House A (Rs.)	House B (Rs.)	House C (Rs.)
Municipal Value	40,000	60,000	80,000
Fair Rental Value (FRV)	60,000	98,000	1,30,000
Standard Rent	70,000	1,00,000	1,20,000
Municipal Taxes paid by Tenant during the previous year	1,000	2,000	3,000
Municipal Taxes paid by Owner during the previous year	4,000	6,000	8,000
Expenses on Repairs	2,000	4,000	6,000
Insurance Premium	1,000	1,500	2,000
Year in which the loan was taken for purchase of house (All the houses were purchased in 2010-11)	1997-98	2005-06	2007-08
Interest on Loan paid during 2022-23	45,000	1,20,000	1,00,000

Advise Mr. Kushal, how he can plan his tax savings for the AY 2023-24 on the assumption his income from other sources is Rs. 10,000 and he has deposited Rs. 50,000 in the PPF A/c during the previous year 2022-23. He has not opted for optional taxation scheme under section 115 BAC. (15)

4. (a) Ms. Jigisha want to transfer his residential house property purchased on 1-10-2005. Discuss how can she reduce his tax liability. (10)

(b) Mr. Raman (61 years old) received Rs. 50,000 as interest on bank depositsduring the year 2022-23. Suggest, can he take deduction for this interest. If yes, explain. (5)

OR

(a) Ms. Shally has long term capital gain (LTCG) on transfer of Jewellery. Suggest the options available to her to reduce tax liability. (5)

(b) Mr. Sarthak has received the following gifts :

(i) From his mother's brother valued at Rs. 1,00,000.

(ii) From his friend on the occasion of his marriage of Rs. 51,000.

(iii) From his father's friend, a laptop worth Rs. 51,000.

How much of these gifts are taxable for him. Also, explain tax planning in this scenario. (10)

5. (a) Explain provisions of clubbing of income of minor child u/s 64(1A). (10)

(b) Interest, Royalty and Fee for Technical Services, all of which are payable outside India or payable to a non-resident by Mr. X in the previous year 2022-23. What should be done by him to claim 100% exemption in the A.Y. 2023-24. (5)

OR

(a) What are areas of tax planning in the following :

(i) Expenditure on research carried on by assesse himself

(ii) Expenditure exceeding Rs 10,000 u/s 40A(3) (5)

(b) What are the conditions that must be satisfied by an individual under section 37(1) [General Deduction], so that assessee can claim deduction of these. Explain any five. (10)