

Name:

Enrolment No:



**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**  
**End Semester Examination, December 2018**

**Course: Taxation Law**

**Course Code: LLBL 443**

**Semester: Vth**

**Programme: B.COM.,LLB. (Hons.) Taxation Laws 2016**

**Time: 03 hrs.**

**Max. Marks: 100**

**Instructions: Separate instructions are given for all the sections in the Question Paper. Please attempt accordingly.**

**SECTION A**

S. No.		Marks	CO
Q 1	Write short notes on the following:	[2*5] 10	
	a). Agricultural Income		CO1
	b). Pin Money		CO2
	c). Salary		CO2
	d). Deemed Ownership		CO2
	e). Input Tax Credit		CO3

**SECTION B**

Q 2	Explain the following:	[5*2] 10	
	a). Revocable transfer of assets		CO4
	b). Leave Travel Concession		CO4
Q 3	What is Special Economic Zone (SEZ)? Explain with the help of relevant provision(s) the period for which deduction is available to any undertaking operating in SEZ under the Income Tax Act, 1961.	10	CO4

**SECTION-C**

Q 4	<p>Examine the correctness of the claim made by the assessee in the below mentioned case:</p> <p>Mr. Johnny has business income of INR 4, 28,000 and salary income of INR 1, 30,000 for the financial year 2015-16. His minor son has agricultural income of INR 1,00,000 for the same year. The Assessing Officer clubbed the agricultural income of minor son for determining the income tax liability of Mr. Johnny.</p> <p>Mr. Johnny contends that the agricultural income is exempt u/s 10(1) and is not covered by section 2(24) and hence, should not be clubbed even for adopting higher income tax rate.</p>	10	CO4
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Q 5	Discuss the tax treatment of Pension with the help of relevant provision(s) as given under the Income Tax Act, 1961.	10	CO4
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**SECTION-D**

Q 6	<p>R owns a house property in Delhi. From the particulars given below, compute the income from house property for the assessment year 2016-17:</p> <table border="1"> <thead> <tr> <th>S.No</th> <th>Head</th> <th>Amount (INR)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Municipal Value</td> <td>2,00,000</td> </tr> <tr> <td>2</td> <td>Fair Rent</td> <td>2,52,000</td> </tr> <tr> <td>3</td> <td>Standard Rent</td> <td>2,40,000</td> </tr> <tr> <td>4</td> <td>Actual rent (per month)</td> <td>23,000</td> </tr> <tr> <td>5</td> <td>Municipal Taxes</td> <td>20% of municipal value</td> </tr> <tr> <td>6</td> <td>Municipal taxes paid during the year</td> <td>50% of tax levied</td> </tr> <tr> <td>7</td> <td>Expenses on repairs</td> <td>20,000</td> </tr> <tr> <td>8</td> <td>Insurance premium</td> <td>5,000</td> </tr> </tbody> </table> <p>Please note that R had borrowed a sum of INR 12, 00,000 @ 10% p.a. on 1-7-2013 and the construction of the property was completed on 28-2-2015.</p>	S.No	Head	Amount (INR)	1	Municipal Value	2,00,000	2	Fair Rent	2,52,000	3	Standard Rent	2,40,000	4	Actual rent (per month)	23,000	5	Municipal Taxes	20% of municipal value	6	Municipal taxes paid during the year	50% of tax levied	7	Expenses on repairs	20,000	8	Insurance premium	5,000	25	CO3
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Q 7	<p>A an employee of PQR Pvt. Ltd. retired from the company on 30-11-2015. At the time of his retirement, he received INR 1,44,000 as leave salary from his employer. The following information is provided by the employee:</p> <table border="1"> <thead> <tr> <th>S.No</th> <th>Head</th> <th>Amount (INR)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Salary at the time of retirement (per month)</td> <td>9,000</td> </tr> <tr> <td>2</td> <td>Period of service</td> <td>20 years and 11 months</td> </tr> <tr> <td>3</td> <td>Leave encashment</td> <td>1,44,000</td> </tr> <tr> <td>4</td> <td>Leave availed while in service</td> <td>14 months</td> </tr> <tr> <td>5</td> <td>Balance unavailed leave at the time of retirement</td> <td>16 months</td> </tr> <tr> <td>6</td> <td>Average salary for the months of February, 2015 to November, 2015</td> <td>8,800</td> </tr> <tr> <td>7</td> <td>Leave entitlement</td> <td>2.5 months for every completed year of service.</td> </tr> </tbody> </table> <p>Compute the amount of taxable leave encashment.</p>	S.No	Head	Amount (INR)	1	Salary at the time of retirement (per month)	9,000	2	Period of service	20 years and 11 months	3	Leave encashment	1,44,000	4	Leave availed while in service	14 months	5	Balance unavailed leave at the time of retirement	16 months	6	Average salary for the months of February, 2015 to November, 2015	8,800	7	Leave entitlement	2.5 months for every completed year of service.	25	CO3
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**SECTION A**

S. No.		Marks	CO
Q 1	Write short notes on the following:	<b>10</b> [2*5]	
	a). Person		<b>CO1</b>
	b). Previous Year		<b>CO1</b>
	c). Assessment Year		<b>CO2</b>
	d). Place of Effective Management (POEM)		<b>CO2</b>
	e). GST		<b>CO3</b>

**SECTION B**

Q 2	Explain the following:	<b>10</b> [5*2]	
	a). Agricultural Income		<b>CO2</b>
	b). Retrenchment Compensation		<b>CO2</b>
Q 3	Mention any ten incomes, which are exempt from tax as per the Income Tax Act, 1961.	<b>10</b>	<b>CO4</b>

**SECTION-C**

Q 4	Explain the tax treatment of a house property, which is part of the year let and part of the year occupied for one's own residence.	<b>10</b>	<b>CO4</b>
Q 5	What is tax avoidance? Explain with the help of relevant provision(s) and case laws	<b>10</b>	<b>CO4</b>

**SECTION-D**

Q 6	A & Co. Ltd., a property developer and builder, disclosed unsold flats as stock in trade in its books of account. It let out those flats and offered the same as income from house property by claiming statutory deduction under section 24 of the Income Tax Act,	<b>15</b>	<b>CO5</b>
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	1961. The Assessing Officer disallowed statutory deduction and taxed the same as income from business. Decide the correctness of the action of the Assessing Officer.		
Q 7	Municipal valuation of a house is INR 3,00,000, its fair rent is INR 4,00,000 whereas its standard rent is INR 3,60,000. This house property is let for INR 27,500 p.m. It remained vacant for 3 months. Municipal taxes paid INR 60,000.  Compute annual value of the house.	<b>15</b>	<b>CO5</b>
Q 8	Mr. A is a foreign citizen. His father was born in Delhi in 1954 and mother was born in England in 1960. His grandfather was born in Delhi in 1932. He came to India on November 1st, 2013 for 200 days. He has never come to India before. Determine his residential status for AY 2014-15	<b>20</b>	<b>CO5</b>