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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, May 2018

Program: B.A., LL.B. (Hons.) Energy Laws 2014/
BBA., LL.B. (Hons.) Corporate Laws 2014

Semester –VIII

Subject (Course): Taxation Law
Course Code : LLBL 443
No. of page/s: 4

Max. Marks : 100
Duration : 3 Hrs

Section A

Question 1: Briefly explain any five of the following:

- a) Input Tax Credit
- b) Income of Political Parties
- c) Composite Rent
- d) Notional Rent
- e) Treatment of leased commercial asset under the head 'PGBP'
- f) Define doctrine of mutuality

[5*2= 10 Marks]

Section B

Question 2: Distinguish between the following:

- a) Application vs. Diversion of Income
- b) Revenue receipt vs. Capital receipt

[2*5= 10 Marks]

Question 3: Write short notes on the following:

- a) Tax benefit on home loan
- b) Tax evasion

[2*5= 10 Marks]

Section C

(Attempt any two of the following)

Question 4: Can income of other persons be included in assessee's total income. Explain in light of the following situations with help of relevant provisions:

- a) Transfer of income without transfer of assets
- b) Transfer revocable for a specified period
- c) Minor

Also define transfer and revocable transfer with the help of relevant provision(s).

(10 Marks)

Question 5: Discuss the incomes, which do not form part of the total income with the help of relevant provisions.

(10 Marks)

Question 6: What are the various heads of income under the Income Tax Act? Are the heads of the income given in Section 14 mutually exclusive? Comment with reference to decided cases.

(10 Marks)

Question 7. What are the special feature of Indian GST? Distinguish it from any other GST regime of the world.

(10 Marks)

Section D

(Attempt any four of the following)

Question 8: Mr. A owns four (4) houses in Mumbai, details of which are as follows:

Particulars	1 st house	2 nd house	3 rd house	4 th house
Municipal Value	2,00,000	2,40,000	3,60,000	4,80,000
Fair Rental Value	2,40,000	3,00,000	4,00,000	5,00,000
Standard Rent	N.A.	2,40,000	5,00,000	N.A.
Actual Rent/Annual Rent	1,80,000	3,60,000	4,80,000	5,40,000

Compute the gross annual value of the above houses. Please note that all the values are in Indian currency (INR).

(12.5 Marks)

Question 9: ABC Ltd., as per terms and conditions of a contract submitted a performance guarantee and for this purpose, it deposited certain funds with its bank as margin money and thereby earned interest on it.

Whether interest earned by ABC Ltd. would fall in the category of PGBP/business income? Explain with the help of relevant provisions and case law(s).

(12.5 Marks)

Question 10: The books of account maintained by a National Political party registered under the Representation of People's Act, 1951 for the year ended on March 31, 2016 disclose the following receipts:

a). Rent of property let out to a departmental store in Delhi	INR 6,00,000
b) Interest on deposits other than banks	INR 5,00,000
c) Contribution from 100 persons (who have secreted their names) of INR 22,000 each	INR 22,00,000
d) Contribution @ INR 11 each from 1,00,000 members in cash	INR 11,00,000
e) Net profit of cafeteria run in the premises at Delhi	INR 3,00,000

Compute the total income of the political party for the assessment year 2016-17, with reasons for inclusion or otherwise.

(12.5 Marks)

Question 11: An amount of INR 5,00,000 was paid on March 17, 2016 to the parents of A by the Government of Maharashtra as a compensation to the aggrieved family whose only son A lost his life in Mumbai local train serial bomb blasts.

Explain with reasons, is the amount of compensation received chargeable to tax in A.Y. 2016-17?

(12.5 Marks)

Question 12: The assessee a company, on 1st April, 2018 appointed Mr. Xwell & Co. a firm to act as its agent. Mr. Xwell was the founder and managing partner of the firm. The agreement with the firm was 10 years and the company undertook to pay commission at the rate of 1/4 % on its total sales plus an amount of Rs. 10 L PA. However, in 1991 Mr. Xwell was convicted for committing certain heinous acts that affected the reputation of the assessee also. The company by a resolution of its Board of Directors, intending to get rid of the firm, resolved to pay a sum of Rs. 1 Crore as compensation for premature termination of the said agreement. A few days therefore, the company appointed a new agent at lower salary and commission that saved the company Rs. 25 L PA. In the assessment of the income of the relevant accounting year, the assessee claimed the above said amount of Rs. 1 Crore as business expenditure under IT Act, 1961. Whether the claim is justified? Discuss.

(12.5 Marks)

Question 13 : A is the owner of a house property in Calcutta which was occupied by him for own residence. He was transferred to Mumbai in June 2003 on a monthly rent of Rs. 3500. The corporation tax is Rs. 6000 for the house. 50% of the said tax was paid by him on 15 March 2004 and the balance on 14 April 2004. Interest on money borrowed for the construction of the house amounts to Rs. 25000. Compute the income from house property for the assessment year 2004-05.

(12.5 Marks)

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Section A

Question 1: Briefly explain the following:

- a). GSTN
- b). Input Tax Credit
- c). Fair Rent
- d). Treatment of leased commercial asset under the head 'PGBP'
- e). Capital Gains

[5*2= 10 Marks]

Section B

Question 2: Write short notes on any five of the following:

- a). Agricultural Income
- b). Determination of annual value of property
- c). Repayment of principal amount on home loan

- d). Tax avoidance
- e). Custom duties
- f). WDV method of depreciation.

[5*2= 10 Marks]

Question 3: Explain the following:

- a) Treaty shopping
- b) Tax credit method
- c) Impermissible Avoidance Agreement
- d) Double Taxation Avoidance Agreement
- e) Tax Haven

[5*2= 10 Marks]

Section C

(Attempt any two of the following)

Question 4: What is GST? Do GST helps in getting rid of tax evasion. Critically analyze.

(10 Marks)

Question 5: Distinguish between capital receipts and revenue receipts. Discuss the factors relevant for determination of nature of receipts with the help of relevant case law(s).

(10 Marks)

Question 6: Elaborate the rules relating to depreciation under Indian Income Tax, 1961. Distinguish between the WDV and SLM method of depreciation.

(10 Marks)

Section D

(Attempt any four of the following)

Question 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 the annual value of the house.

(12.5 Marks)

Question 8: Mr.X leased out his building to a nursing home and showed rental receipt from building as business income.

In light of the given fact, discuss with the help of relevant provision and case law(s) that whether the rent received by Mr. X would constitute his business income.

(12.5 Marks)

Question 9: Mr. N, owner of an impartible estate, came under liability to pay an annual maintenance of INR 1,000 to his step-mother out of such estate and the maintenance was charged thereon. By the Hindu law governing him, Mr. N was bound to provide maintenance for his step mother out of the properties which he had inherited from his father.

Whether above is application or diversion of income? Critically analyze with help of relevant case law(s) in light of the above the situation.

(12.5 Marks)

Question 10: Mr. N is a businessman. He receives an extra amount from his customers specifically for charity and is obliged by a contract or custom to utilize it for charitable purposes only.

Whether the amount received by Mr. N can be taxed in his hands? Explain with the help of relevant case law(s).

(12.5 Marks)

Question 11: The assessee an individual is a shareholder and a managing director of a company. The company by its resolution appoint the assessee as the joint managing director on monthly remuneration of Rs 7 Lakhs. As per the terms of the relevant AoA and resolution of the company, the assessee while acting as a joint managing director was working as one of the owners of the company was not subject to the control of the board of directors. The assessee claimed that he was entitled to standard deduction on the ground that the remuneration paid to was his salary. Decide.

(12.5 Marks)