

Roll No.

SAP ID



UNIVERSITY OF PETROLEUM AND ENERGY STUDIES  
End Semester Examination, July 2020  
Open Book – Through Blackboard Learning Management System

Course: Income Tax, Wealth Tax and Tax Planning (Hons 1) (CLTX3001)  
Programme: Integrated B.Com. (LLB) Taxation Laws

Semester: VI

Time: 03 hrs.

Max. Marks: 100

**Instructions:**

As this examination is in open-book format, the students are expected to demonstrate a very high degree of Academic Integrity and not copy contents from resources referred. Instructors would look for understanding of the concept by the students and any similarity found from resources online/ offline shall be penalized in terms of deduction of marks and even cancellation of paper in requisite cases. The online examination committee of the School would also look for similarity of two answer scripts and if answer scripts of two or more students are found similar, both the answer scripts shall be treated as copied and lead to cancellation of the paper. In view of the aforesaid points, the students are warned that they should desist from using any unfair means.

**All Questions are Compulsory**  
**Answer each question in not more than 500 words**

S. No.		Marks	CO																		
1	<p><i>Mr. A, a resident of India earned income from various sources in India. In the year 2009, a consent decree was passed against him awarding maintenance to his wife and children. The decree as such did not create any charge upon his income. In the assessment year 2010-11, he claimed income tax deduction of the amount paid under the decree from his total income stating the same to be diverted to the wife and children who received a portion of his income in form of maintenance.</i></p> <p>In light of the above facts state the difference between Application of Income and Diversion of income by overriding title. Support your answer with the help of suitable case laws.</p>	20	CO2																		
Ans.																					
2	<p>A owns a residential flat in Delhi, details of which are given below:</p> <table><tbody><tr><td><i>Municipal value p.a.</i></td><td>3,66,000</td></tr><tr><td><i>Fair rent p.a.</i></td><td>3,18,000</td></tr><tr><td><i>Standard rent p.a.</i></td><td>3,85,000</td></tr><tr><td><i>Expenses incurred by A: –</i></td><td></td></tr><tr><td><i>Municipal taxes (actually paid)</i></td><td>50,000</td></tr><tr><td><i>Repairs</i></td><td>1,300</td></tr><tr><td><i>Common maintenance charges</i></td><td>7,000</td></tr><tr><td><i>Insurance</i></td><td>2,700</td></tr><tr><td><i>Interest on capital borrowed for acquiring the flat</i></td><td>75,000</td></tr></tbody></table>	<i>Municipal value p.a.</i>	3,66,000	<i>Fair rent p.a.</i>	3,18,000	<i>Standard rent p.a.</i>	3,85,000	<i>Expenses incurred by A: –</i>		<i>Municipal taxes (actually paid)</i>	50,000	<i>Repairs</i>	1,300	<i>Common maintenance charges</i>	7,000	<i>Insurance</i>	2,700	<i>Interest on capital borrowed for acquiring the flat</i>	75,000	20	CO2, CO3
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	<p><i>The flat is let out up to 31.1.2018 on a monthly rent of Rs. 50,000 per month. From 1.2.2018, the flat is self-occupied for own residence.</i></p> <p>Calculate the Income under the head House Property of A for the Assessment Year 2019-20.</p>		
Ans.			
3	<p>Define the term “Agriculture” and discuss ‘ordinary process employed, to render the produce fit to be taken to the market’ with the help of case laws. Also, discuss whether the following incomes can be treated as Agricultural Income for the purpose of Income Tax?</p> <p>(a) Dividend paid by the company to its shareholders out of Agricultural Income (b) Income from sale of silk cocoon</p>	20	CO1, CO2
Ans.			
4	<p>In order to make any income taxable under the head salary, first and foremost requirement is that there must be a relation of employer and employee. In light of this statement, explain the pre-requisites of income under head salary. Also, state if employment has to be a full-time regular employment or it can be a part time employment as well. Also, state the difference between perquisites and allowances. Support your answer with the help of case laws wherever applicable.</p>	20	CO1, CO2
Ans.			
5	<p>What are various deductions/ expenditure allowed in respect of income under the head Profits and Gains from Business and Profession? What are the pre-requisites to claim depreciation under Section 32 of Income Tax Act? Can payment made against extortion be allowed as a deduction?</p>	20	CO1, CO2
Ans.			

I, ....., understand that submitting work that isn't my own may result in failure in this paper and I may also be subject to Disciplinary Proceedings as per the Academic Integrity policy of the University.