



**P.B. SIDDHARTHA COLLEGE OF ARTS & SCIENCE**

Siddhartha Nagar, Vijayawada – 520 010

*Autonomous -ISO 9001 – 2015 Certified*

(An Autonomous college in the jurisdiction of Krishna University, Machilipatnam)

**Direct Tax**

Commerce	22COHT36		B.Com (Honours) A&F
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Offered to: II B.com (Hon)(A&F)

Course type: Core (Th)

Year of Revision: 2017

Semester: III

Hours taught: 75

**Pre-requisite:** The students opting for this Course should have basic knowledge of tax. The student is expected to combine the learning across finance course like financial accounting and financial management.

**Course objectives:**

1. The objective of this course is to acquaint the students with basic principles underlying the provisions of Direct tax laws so develop a sound understanding of the tax laws and accepted tax practices.
2. It will also provide Direct tax rules pertaining to and application to different business situations and practical aspects of Direct tax.

**Course outcomes:**

**CO1:** Acquire knowledge about tax rate schedule and residential status of an individual **PO5**

**CO2:** Enlist the ability of provisions of income from salary and its taxability **PO5**

**CO3:** The student can build on idea about income from house property and its taxability **PO5**

**CO4:** The student can acquire knowledge in calculation of business income and professional income **PO5**

**CO5:** Impart knowledge on deductions u/s 80 and build an idea about compute gross total income. **PO7**

Unit	Learning Units	Lecture Hours
I	<b>Residential status:</b> Important definitions, Assessment year, previous year, Assessee, person - Determination of residential status of an Assessee -Relationship between residential status and incidence of tax (Problems). Income Tax Authorities	12
II	<b>Salaries:</b> Basis of charge of salary income - Forms of salary - Allowances - Perquisites and their valuation - Deductions from Salary. (Problems)	15
III	<b>Income from house property:</b> Basis of charge - Computation of income taxable under the head - Deductions allowed. (Problems).	15
IV	<b>Income under the head “profits and gains of business or profession :</b> Basis of charge - Basic principles for arriving at Business income - Specific deductions and allowances - Allowable depreciation - Computation of Income under “Profits and gains from business” (Problems) .Computation of Income from profession “(Problems).	15
V	<b>Deductions from gross total income under section 80:</b> 80C: Deduction for savings - 80D: Health insurance - 80E: Interest on Education loan 80G: Donations - 80U: Medically handicapped or mentally retorted assessee	18

**Text Books:**

1. Income tax - Law & Accounts By: Gaur&NarangKalyani Publishers, New Delhi
- 2.Students’ Guide to Income Tax By: Vinod.K.SinghaniasTaxmannpublications (P) Ltd.,New Delhi.

**Reference Books:**

- 1.Direct Taxes ready reckoner – Dr. Vinod , K.singhaniasTaxmann,s
- 2.Income Tax Law &Accounts - Dr.S.P.Goyal , Sahithya Publications
- 3.Income Tax Law and Practice – V.P.Gaur and D.B.Narang

**Suggested Co-Curricular Activities:**

1. Seminars on direct tax and Indirect tax
2. Quiz
3. Problem solving exercises
4. Practice and provisions of taxation
5. Visit a tax firm.
6. Guest lecture by Chartered Accountant
7. Examinations (Scheduled and surprise tests)

## MODEL PAPER

Commerce	COHT36	2020-21	B.Com (Honours) A&F
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SEMESTER:III

No of Credits :4

Direct Tax

Max. Marks 75

Time 3hrs

### SECTION-A

Answer any SIX of the following

6x2=12

1. Define Assessment year, previous year(CO1,L1)
2. Define Assessee(CO1,L1)
3. Who is Not ordinarily resident(CO1,L1)
4. Explain House rent allowance(CO2,L2)
5. Explain Entertainment allowance(CO2,L2)
6. Classify Deductions allowed for income from house property(CO3,L2)
7. Explain Net annual value(CO3,L2)
8. Explain Unabsorbed depreciation (CO4,L1)
9. Classify Block of assets(CO4,L1)
10. Explain Medi-claim(CO5,L1)

### SECTION-B

Answer any FOUR of the following (4 problems and 2 theory questions) 4x12=48

- 11) Smt. Lohitha submitted the following details of income for the previous year 2017-2018
- I) Salary received in INDIA from a former employer of DUBAI rs.6, 80,000
  - II) Income from business in HONGKONG but controlled from CHINA RS.1, 62,000
  - III) Income from property in INDIA, but received in U.K RS.2,79,000
  - IV) Income from property in BANGLADESH, but received in PAKISTAN RS.15, 50,000
  - V) Income from property in BANGLADESH, but received in INDIA RS.9, 30,000
  - VI) Income from business in NEPAL, but controlled from INDIA RS.62, 000
  - VII) Income received from company deposit in SRILANKA (1/3<sup>rd</sup> received in INDIA)  
Rs.1, 60,000
  - VIII) Income from business in JAPAN for the year 2009-10, remitted to INDIA during 2020-  
21 RS.12, 40,000
  - IX) Profit from business in Gujarat, controlled from USA RS.6, 20,000
- Compute the total income if her residential status is:
- a) Resident and ordinary resident
  - b) Resident but not ordinary resident
  - c) Non-resident.(CO1,L1)
12. Write about different types of provident funds (CO2,L2)

13) From the following particulars calculate Income from house property (CO3,L3)

Particulars	House-1	House -2
Municipal value	8,000	20,000
Annual rent	Self-occupied	32,000
Local tax	1,600	4,000
Repairs charges	1,000	3,000
Insurance premium	50	200
Interest on loan for construction	1,180	1800
Unrealized rent(2014-15)	----	3000
Vacancy period	---	3Months

14) The following is the P/L A/c of Mr.Ranjit for the year ending 31<sup>st</sup> March 2016

Particulars	Amount	Particulars	Amount
To Salaries	1,65,000	By Gross profit	2,50,000
To Office Exp.	18,000	By Bad debts recovered	10,000
To Depreciation	14,000	By Dividend	3,000
To Sales Tax	9,000	By Commission	10,000
To Legal Exp.	8,000	By Rent from house	9,000
To Income Tax	7,000	By Brokerage	10,000
To Patents purchased(1/8 <sup>th</sup> )	12,000	By Sundry receipts	5,000
To Repairs	6,000	By Share of income from HUF	3,000
To Donation	2,000		
To Pro. For bad debts	3,000		
To General Exp.	12,000		
To Net profit	44,000		
	<b>3,00,000</b>		<b>3,00,000</b>

**Additional information:** 1.Salary include 6,000 paid to worker at home 2. Legal exp. Include 1000/- paid for personal case 3. Out of bad debts recovered only 4000/- were allowed as deduction earlier . Compute his income from business for the A.Y 2016-17.(CO4,L3)

15). Deductions from gross total income under section 80G.(CO5,L3)

16) .Shri.Sreenivas, a central government employee, received the following emoluments:

Basic pay RS.35,000 per month; DA RS.15,800 p.m

Entertainment allowance RS.6,000p.a he received education allowance for his son RS.1,000 p.m. he is provided laptop costing RS.50,000, small motor car, driver salary RS.10,500 p.m. his construction to SPF 12% off salary and 10% by employer. Interest credited to SPF @8.5 is RS. 3,200.the employer presented gifts worth RS.11,000. The employer paid club membership fees RS.13,800 for him and his family members. He paid professional tax RS.3, 200,LIC Premium 10,000, Medclaim Rs. 4000(in cheque).

Compute his Total Income for the assessment year 2018-19 .(CO5,L3)

**SECTION-C (UNIT-2)**

**Answer the following**

**1x15=15**

17. Sri.Sreenivas, a central government employee, received the following emoluments:

Basic pay RS.35,000 per month; DA RS.15,800 p.m Entertainment allowance RS.6,000p.a he received education allowance for his son RS.1,000 p.m. he is provided laptop costing RS.50,000, small motor car, driver salary RS.10,500 p.m. his construction to SPF 12% off salary and 10% by employer. Interest credited to SPF @8.5 is RS. 3,200.the employer presented gifts worth RS.11,000. The employer paid club membership fees RS.13,800 for him and his family members. He paid professional tax RS.3,200  
Compute his income from salary for the assessment year 2018-19. **(CO2,L3)**