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GIET UNIVERSITY, GUNUPUR – 765022
M. B. A (Fourth Semester) Examinations, May' 2021
MB 401 B - Direct Taxation

Time: 2 hrs

Maximum: 50 Marks

The figures in the right hand margin indicate marks.

PART – I: (Multiple Choice Questions)**(1 x 10 = 10 Marks)**Q. 1 Answer ALL questions

- a. Income Tax Act came into force on.....
- (i) 1 st April 1935 (ii) 1 st April 1961
(iii) 1 st April 1962 (iv) 1 st April 1956
- b. Income tax is a.....
- (i) Professional tax (ii) Direct tax
(iii) Indirect tax (iv) Service tax
- c. Income tax rates are fixed in.....
- (i) Income tax Act (ii) Finance Act
(iii) Income tax rules (iv) Finance rules
- d. A Perk is.....
- (i) Cash paid by employer to employee (ii) Facility provided by employer to employee
(iii) Amount credited to employees (iv) None of these accounts
- e. Employer's contribution to RPF is exempted up to.....
- (i) 10% of salary (ii) 13% of salary
(iii) 12% of salary (iv) 11% of salary
- f. Which of the following taxes are allowed as deduction while computing the business income
- (i) Wealth-tax (ii) Income-tax
(iii) Sales tax (iv) None of the above
- g. is the rent fixed under Rent control Act.
- (i) Municipal rental value (ii) Fair rental value
(iii) Standard rent (iv) Real rent
- h. While making intra-head adjustment, loss from the business of owning and maintaining race horses can be set off against _____ only
- (i) Income from winning lotteries (ii) Income from cross word puzzles
(iii) Income from business of owning and maintaining race horses (iv) Income from card game
- i. Section 70-79 deals with _____.
- (i) Salary (ii) Capital gain
(iii) Clubbing of income (iv) Set off and carry forward
- j. Payment of LIC premium can be claimed as deduction u/s _____
- (i) 80 C (ii) 80 CCC
(iii) 80 D (iv) 80 DD

PART – II: (Short Answer Questions)

(2 x 5 = 10 Marks)

Q.2. Answer ALL questions

- a. Define Tax
- b. What is meant by income from business or profession?
- c. What is short term capital gain?
- d. What is the meaning of corporation tax?
- e. What is a gift tax?

PART – III: (Long Answer Questions)

(6 x 5 = 30 Marks)

Answer any **FIVE** questions.

3. Distinction between Direct and Indirect Taxes.
4. Explain the tax system prevalent in India
5.
 - a. What is the difference between previous year and assessment year?
 - b. What are the provisions of house rent allowance?
6. Compute salary income from the following:
 - a) Salary @Rs.6250 pm
 - b) D.A@ Rs. 3,000 pm (50% enters for retirement benefit)
 - c) Commission @2 on turnover of Rs.8,00,00
 - d) Bonus Rs.6000
 - e) PF contribution by employer and employee @14% of basic salary, DA for service benefits.
 - f) Interest credited during the year in PF is @11% being Rs. 5,500Calculate salary income if provident fund is recognized provident fund.
7. A manufacturing company purchases a factory building on 6th June 2007 for Rs.1, 00,000. The value of the building on 1st April Rs.50, 000 after allowing depreciation. The building is compulsorily acquired by the government on 15th April 2018 for which a sum of Rs.4,00,000 is paid as compensation on 10th February 2019. The company purchases another factory building on 4th April 2018 for Rs. 50,000. Calculate taxable capital gain
8. Describe the significances of Securities Transaction Act
9. Explain the provisions relating to ‘set off losses’.
10. Compute the income under the head income from other sources of Mr. Panda
 - a) Interest (gross) on investments with a company Rs. 10,000
 - b) University remuneration for working as an examiner Rs. 8,000
 - c) Royalty for writing books (He claims to have spent Rs. 20,000 for writing these books) Rs. 80,000
 - d) Dividend received from a domestic company Rs. 12,000
 - e) Interim dividend Rs. 6,000
 - f) Family pension Rs.48,000

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