

Roll No. ....

Subject Code—6828

**P. G. Diploma EXAMINATION**

(Main/Re-appear Batch 2009)

**TAXATION**

**PGDT-102**

**Income Tax Law and Practice**

*Time : 3 Hours*

*Maximum Marks : 70*

**Note :** Attempt *Five* questions in all. Q. No. 1 is compulsory which carries ten small questions. All questions carry equal marks.

1. Explain the following in not more than 50 words each :

- (a) When is a foreign company treated as resident in India ?
- (b) When is agricultural income included in non-agricultural income for income tax purposes ?

- (c) Give any *four* examples of income exempted under Section 10 of Income Tax Act.
  - (d) Write provisions of Income Tax Act regarding deduction of Entertainment Allowance in case of Govt. Employees.
  - (e) Explain the deduction of interest on loan taken for the purpose of repair of house.
  - (f) Explain the deduction of expenses paid on technical knowhow after 31.03.1998.
  - (g) How shall long term capital gains be calculated ?
  - (h) What is Bond Washing Transaction ?
  - (i) Explain the meaning of 'Converted Asset'.
  - (j) What is partial partition of Hindu Undivided Family ?
2. Explain the term 'Financial Year', 'Accounting Year', 'Previous Year' and 'Assessment Year'. In which circumstances are incomes of previous year assessed to tax in the previous year itself?

3. Mr. X is the owner of two houses which he uses for his residential purposes. Compute his taxable income from house property for the assessment year 2010-11 from the following information :

First house – Fair rental value Rs. 1,20,000

Second house – Fair rent value Rs. 12,000

Municipal taxes paid @ 10% of fair rental value.

Interest paid for the previous year, on the loan taken on 10.4.2008 for purchase of the 1st house, Rs. 1,60,000. He borrowed Rs. 40,000 @ 15% on 1.4.2008 for the construction of 2nd house which was completed in December 2008. He could not pay the interest during 2008-09, hence paid interest this year for two years (including interest on unpaid interest) Rs. 12,600. Fire insurance premium paid Rs. 1,400 and Rs. 200 on 1st and 2nd house respectively. The assessee keeps 1st house for exemption under section 23(2).

4. Discuss the provisions of Income-Tax regarding set off and carry forward of losses.

5. Explain the following deductions :
- (a) Deduction for medical treatment of handicapped dependents.
  - (b) Deduction in respect of repayment of loan and interest taken for higher education.
  - (c) Deduction allowed to handicapped persons.
  - (d) Deduction for payments made to political party.
6. Explain the term 'Book Profit' in relation to assessment of firm. What are the provisions in respect of deduction of interest and remuneration payable to the partners of a firm ?
7. What do you understand by Advance Tax ? How is it computed ? Discuss the provisions of Income-Tax Act regarding its payments.
8. What is Double Taxation ? When does it take place ? What are the provisions of Indian Income Tax Act to grant relief in respect of double taxation ?