

ARUNACHAL PRADESH PUBLIC SERVICE COMMISSION

Subject: Taxation Laws and Practice

Time: 3 (three) hours

Full Marks: 100

(Group A is compulsory. Attempt any FOUR questions from Group- B)

**GROUP-A
(Compulsory Group)**

Q.1 Attempt any 10 (ten) from the following: (10X2=20)

- a) Define Tax Rates.
- b) Write short note on Hindu Undivided Family.
- c) Explain what is Income deemed to be received in India?
- d) Write short note on Treatment of agricultural income for tax purposes.
- e) Define Income of political parties.
- f) What is Death-cum- retirement gratuity?
- g) Define House rent allowance.
- h) What is Entertainment Allowance?
- i) Differentiate between Capital Receipt and Revenue Receipt.
- j) Distinguish between Slab Rate and Fixed rate.
- k) What is the difference between Total Income and Gross Total Income?
- l) Differentiate between Domestic Company and Foreign Company.

**GROUP- B
(ATTEMPT ANY FOUR)**

Q.2 Mention the cases where valuation of house property for purpose of income tax shall be NIL. Also mention the exceptions to such rules. (20)

Q.3 In what situations are business losses allowed to be set off and carried forward by persons other than those who actually suffered the losses? (20)

Q.4 Examine the taxability arising on each of transactions (20)

- (i) On the sale of capital gain the following self-generated goodwill of a profession.
- (ii) On transfer of self-generated tenancy rights.
- (iii) On transfer of own right to manufacture.
- (iv) On sale of old car used for personal purposes.

Q.5 From the following particulars, compute total income and tax payable by Mr. A who is disabled and is of 68 years on 31st March, 2010 for the assessment year 2010-11 :

- (i) Salary received from the employer-Rs 5,80,000
- (ii) Annual value Rs 30,000 of let out house Interest on loan to another house which is self-occupied-Rs 20,000 purchase
- (iii) He sold another house on 1.4.2009 for Rs 15 lakhs. Its fair market value on 1.4.1981 was Rs 2,00,000. He invested on 30.7.2009 in the bonds of NHAI (Cost inflation index for 2009-10 is 620)
- (iv) He won Rs 42,000 In race course betting
- (v) He paid Rs 12,000 by cheque to secure the health insurance of GIC for his wife.
- (vi) He spent on treatment of his mother Rs 20,000, who is suffering from cancer.
- (vii) He got agricultural income of Rs 20,000.
- (viii) His minor son is disabled on whose special education he spent Rs 15,000.
- (ix) He donated Rs 10,000 to Gujarat State Chief Minister Relief Fund.

(20)

Q.6. Mrs. X, who is an Arts graduate, holds 2;200 out of 10,000 equity shares of a private limited company in which her husband Mr. Y, who is also an Arts graduate, is working as Chief Accountant at an annual salary of Rs. 12 lakh. The ITO claims that the salary income of Mr. Y shall be clubbed together with the income of Mrs. X. Is the ITO correct? (20)

Q. 7. What are the deductions that are to be made in computing total income? (20)

Q.8. Discuss the power of Income Tax Officers. (20)