

B.Com IV Semester (CBCS)
Personal Tax Planning (SEC)
(Code : 52413403)

पूर्णांक : 100
M.M. : 100

Attempt any two questions in all.
All questions carry equal marks.

किन्हीं दो प्रश्नों के उत्तर दो।
सभी प्रश्नों के अंक समान हैं।

(Write your Name and Roll No. on each page of your answer sheet.)
(अपनी उत्तर पुस्तिका के प्रत्येक पृष्ठ पर अपना नाम और रोल नंबर लिखें।)

- Q.1. (a) Differentiate between Tax Avoidance and Tax Evasion.
(b) State the important considerations you will keep in mind while tax planning related to Residential Status.
- Q.2. (a) Mr. S lives on the ground floor of his house. He took a loan of Rs. 5,00,000 @ 12% p.a. on 01.08.2016 and additional loan of Rs. 5,00,000@ 10% p.a. on 01.04.2017 for the construction of the ground floor; construction of which is completed on 15.09.2018. The principal amount has not been repaid on account of such loan so far. Municipal tax paid for the ground floor is Rs. 8,000 p.a. ' Mr. S is planning to build the first floor of his house as an identical independent unit, for which he will have to pay the same amount of municipal taxes. He will require a loan of Rs. 10,00,000 @14%. He is sure that he can earn a rent of Rs. 13,000 p.m. if he lets out the first floor after construction is completed. The construction can be completed during the previous year. Mr. S's net computed income (other than income under the head house property) is Rs. 5,00,000 for the previous year 2019-20. From the point of view of tax planning, would you advise Mr. S to go ahead with the construction of the first floor & let it out. Substantiate your answer by computing taxable income and tax liability for the assessment year 2020-21.
(b) Discuss how the valuation of a partly let out and partly self-occupied area wise house property is determined?
- Q.3. Discuss how an individual can reduce his taxable liability on the transfer of a residential house, being a long-term capital asset. Which exemptions will provide the maximum benefit to the assessee? Explain the case with the help of an example.

Q.4. Mr. A provides the following information regarding his salary income for the previous year 2019-20.

Particulars	Option 1	Option 2
Basic Salary	Rs. 72,000 p.m.	Rs. 72,000 p.m.
D A	Rs. 12,500 p.m.	Rs. 12,500 p.m.
City Compensatory Allowance	Rs. 7000 p.m.	Rs. 7000 p.m.
Education Allowance	Rs. 500 p.m. for three children	-
Education Facility (School owned by employer)	-	Rs. 500 p.m. for three children
Medical Allowance	Rs. 3,500 p.m.	-
Medical Facility	-	Treatment in employer's owned hospital
Lunch Allowance	Rs. 2000 p.m.	-
Lunch Facility		Free lunch of Rs.75 for 300 days
House Rent Allowance	Rs. 4,500 p.m.	-
Rent Free Accommodation	-	Accommodation owned by employer in Delhi

Rent paid by A is Rs. 5,000 p.m. His income from other sources is Rs. 7,00,000. He has taken a life insurance policy of Rs. 5,00,000 on which premium is paid Rs. 50,000 p.a.

Policy was taken on July 1, 2016. He has deposited Rs. 50,000 in public provident fund.

Advise him, which option he should select to have less tax liability for assessment Year 2020-21.