

**GUJARAT NATIONAL LAW UNIVERSITY  
GANDHINAGAR**

Course: Law of Taxation-I  
Semester-VII (Batch: 2014-19)

Mid Semester Test: August-2017

Date: 22<sup>nd</sup> August, 2017

Duration: 2 hours

Max. Marks: 30

**Instructions:**

- Read the questions properly and write the answers in the given answer book.
- The respective marks for each question are indicated in-line.
- Do not write anything on the question paper.
- Indicate correct question numbers in front of the answers.
- No questions or clarifications can be sought during the exam period, answer as it is, giving reason, if any.
- Use of calculator is allowed.

- |   | <b>Marks</b> |
|---|--------------|
| Q.1 Write short notes on the following: (any three)   | (3x3=09)     |
| (a) Business connection   |              |
| (b) Section 2 (31)  |              |
| (c) Instances of income of previous year not being taxed in the immediately following assessment year   |              |
| (d) Canons of taxation.   |              |
| Q.2 Differentiate between the following: (any four)   | (4x1=04)     |
| (a) Exemptions & deductions   |              |
| (b) Heads of income & sources of income   |              |
| (c) Tax avoidance & tax evasion   |              |
| (d) AOP & BOI   |              |
| (e) Application of income & diversion of income   |              |
| Q.3 Explain in detail revenue receipts and capital receipts highlighting the broad propositions stated by the judiciary. Also, state the immaterial considerations for differentiating between revenue receipts & capital receipts. | (04)         |
| Q.4 During previous year 2016-17, Mr. X, a foreign citizen, stayed in India for just 69 days. Determine his residential status for the assessment year 2017-18 on the basis of the following information:                           | (03)         |
| (i) During 2013-14, X was present in India for 365 days.  |              |
| (ii) During, 2010-11 and 2009-10, X was in Japan for 359 days and 348 days respectively and for the balance period in India.  |              |
| (iii) Mrs. X is 'resident' in India for the assessment year 2017-18.  |              |
| Q.5 Explain in detail Agricultural Income with relevant case laws. State whether the following income are agricultural income or not:   | (05)         |
| (i) Remuneration received by a Director or Managing Director at a fixed percentage of net profit from a company having agricultural income.   |              |
| (ii) Income earned by an assessee by way of shooting hire charges by permitting the film producers to shoot their films in his garden.  |              |

- (iii) Income by way of salt produced by flooding the land with sea water.
- (iv) Interest to money lenders who lend money to the farmers.
- (v) Where denuded parts of the forest are replanted and subsequent operations in forestry are carried out.
- (vi) Income from sale of forest trees, fruits and flowers growing in land naturally and spontaneously.
- (vii) Income earned by a cultivator from conversion of sugarcane (raised on own land) to jaggery.
- (viii) Interest on arrears of rent receivable in respect of agricultural land.
- (ix) Income by way of selling rice produced from the paddy, purchased by the assessee.
- (x) Any fee derived from land used for grazing of cattle, being used for agricultural purpose.

Q.6 Mr. X provides the following information regarding his income of previous year. Compute income liable to be charged in India in the following cases: (05)

a) He is an ordinarily resident.	b) He is not an ordinarily resident	c) He is a non-resident
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- (i) Income from sale of property of Jaipur (30% consideration received in India)- Rs. 1,00,000
- (ii) Income from agriculture in Africa invested in Russia- Rs. 5,000
- (iii) Foreign company dividend received in India- Rs. 15,000
- (iv) Foreign company dividend received outside India- Rs. 47,000
- (v) Income from sale of house property situated in Australia (80% consideration received in India)- Rs. 30,00,000
- (vi) Income received in U.K. from business being controlled from India- Rs. 1,00,000
- (vii) Salary income received in USA from services rendered in India- Rs. 1,50,000
- (viii) Profit & gain of business and profession earned in India received in Germany- Rs. 12,000
- (ix) Income from agriculture in Sri Lanka received there but later remitted to India- Rs. 18,000
- (x) Income earned from business in USSR which is controlled from Delhi (Rs 65,000 received in India)- Rs. 1,65,000.
- (xi) Past foreign untaxed income brought to India- Rs. 20,000.
- (xii) Share of profit of a business situated in Nepal, received in Burma on 14<sup>th</sup> June 2016 but controlled from India- Rs. 42,000
- (xiii) Interest received from G a non-resident against a loan provided to him to run a business in India- Rs. 5,000.
- (xiv) Income from business in Jaipur Rs. 40,000. This business is controlled from France, Rs. 20,000 were remitted to France.
- (xv) Income from house-property. (The building is situated in Iraq, out of which Rs. 20,000 deposited in a bank in Iraq and the balance remitted to India- Rs. 25,000.

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