

**GUJARAT NATIONAL LAW UNIVERSITY
GANDHINAGAR**

Course: Law of Taxation-I
Semester-VII (Batch: 2015-20)

End Semester Examination: Oct-Nov. 2018

Date: 26th October, 2018

Duration: 3 hours

Max. Marks: 50

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.

Part-A

Marks

- Q.1 *'Aggressive tax planning or tax evasion is a continuous conflict between legality and immorality.'* (10)
In the light of the above mentioned observation, discuss the call that Vodafone successfully made and the revenue miserably missed!
- Q.2 Write a short note on the jurisdiction and powers of the Income Tax Authorities. (05)
OR
Explain in detail Section 28 of the Income Tax Act, 1961.
- Q.3 Discuss the tax treatment of Gifts under Income from other Sources. (2.5)

Part-B

- Q.4 The assessee has a well in the compound of her dwelling house at Chennai, with a perennial spring which provides a copious supply of water. During the drought of 1974, she allowed Spencer and Co. and Hotel Taj Coromandel to draw water from that well and continued receiving ₹ 52,000 per annum from them thereof. Her net realisation is ₹ 46,000 annually after meeting expenses of electricity, repairs to motor, salary to watchman and well deepening charges from time to time. The assessee claimed that the said amount of ₹ 46,000 to be not taxable under the Act. The Income-tax Officer, however, included the same in her total income. State whether the same is income or not and discuss, with reasons, under which head of the Act it will be taxable. (05)
- Q.5 Mr. Arvind provides the following details of his income. Compute his income being liable to tax in India for A.Y 2018-19 assuming that- (05)
- (a) He is an ordinary resident.
 - (b) He is not an ordinary resident.
 - (c) He is a non-resident.

Particulars:

- i. Salary paid by Central Government to Mr. Arvind, a citizen of India ₹ 7,00,000 for the services rendered outside India.

- ii. Interest on moneys borrowed from outside India for the purpose of business at Mumbai- ₹ 5,00,000
- iii. Fee for technical services payable by G, a resident of India, the payment related to a business carried on in India- ₹ 1,00,000
- iv. Royalty received from Government of India- ₹ 60,000
- v. Dividend from an Italian company credited to his account in Switzerland- ₹ 2,00,000

Q.6 Total income of Mrs P, aged 70 years, a resident in India, for the assessment year 2017-18 is ₹ 10,90,450. Compute her tax liability. (05)

Part-C

Q.7 Discuss the legal battle between the 'fast cars and slow revenue' in reference to the Supreme Court laying a formula for Permanent Establishment. (10)

Q.8 Write a short note on the theories of International Taxation. (05)

Q.9 Mr Tiwari holds 800 silver items of dinner sets. The silverwares are articles to be used on the dinner table. Such silver dinner items were not frequently used by the assessee and his family. The assessee made a voluntary disclosure of the sale of silver items as sale of his 'personal effects'. The tribunal alleges that the assessee should be taxed on capital gains in relation to the sale of silverwares. The contention of the assessee is that the capital assets sold by him were his personal effects and excluded from the definition of 'capital asset'. Decide. (2.5)
