

(4)

DAK

Marks

(C) Which are the conditions to be satisfied by an electoral trust for claiming the benefit of exemption of its income ? Is this benefit available in respect of all the income earned by an electoral trust ?

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(D) Mr. Divyam avails the benefit of LTC and went by air (economy class) on a holiday in India on 25.01.2011 along with his wife and three children consisting of son aged 4 years and twin daughters of 1 year age. Total cost of tickets reimbursed by his employer was ₹ 90,000 (₹ 60,000 for 2 adults and 30,000 for the three children). State with reasons the amount which can be claimed by Mr. Divyam out of the reimbursement as not subject to tax ? Will your answer be different where among his three children the twins were of 4 years of age and the age of the son was of 1 year ?

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(E) Mr. M is working with MNO Limited for the last 10 years. He was granted an option on 1.7.2008 by the company to purchase 800 equity shares at a price of ₹ 250 per share. The period during which the option can be exercised to purchase 800 shares at a pre-determined price of ₹ 250 per share commencing on 1.7.2008 and ending on 31.3.2011. Mr. M exercised the option on 15-3-2010 to purchase 500 shares. Fair market value on the said date was ₹ 6490 on the Bombay Stock Exchange and ₹ 6500 on the National Stock Exchange. The NSE has recorded the higher volume of trading in that share.

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The company has allotted him 500 shares on 24th April, 2010. The fair market value on the date of allotment was ₹ 7100 per share on NSE and ₹ 7110 on the BSE, that has recorded the higher volume of trading in that share. The option was granted for making available rights in the nature of intellectual property rights.

Determine the taxability of perquisite. Does it make any difference if the option was granted for providing technical know-how ?

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