

MMM / MFM / MHRDM / MIM -

III Sem.

02/12/2014

QP Code : 17622

(2 Hours)

[Total Marks : 60]

- N.B. : (1) ¹⁸ All questions ^{is} are compulsory.
(2) Attempt any four questions from 2 to 7.
(3) All questions from 2 to 8 carry equal marks.
(4) Make suitable assumptions wherever required.
(5) Use of Bare Income Tax Act is allowed.

1. Mr. Sham provides the following profit and loss a/c for the year ended 31-03-2014

20

Profit and loss a/c for the years 2013-2014

Particulars	Rs.	Particulars	Rs.
To Salaries	1,30,000	by Gross profit	7,67,000
Rent	30,000	by UFF Dividend	9,000
Printing and stationary	25,000	by income from LIC mf	5,000
Advertisement expenses	50,000	by Gift from mothers	5,000
Entertainment Exp.	18,000	Winning from lottery	12,000
Moter Car Exp.	30,000	Interest on National saving certificate	3,000
Personal Drawing	60,000		
Embezzlement by an employee	7,000		
Staff welfare exp	70,000		
Interest	30,000		
Depreciation	35,000		
Income tax	16,000		
Net profit	3,00,000		
	8,01,000		8,01,000

Additional information :-

- (a) Depreciation as per income tax rules Rs. 38000
(b) Staff welfare exp include Rs. 20,000 for his own medical treatment.
(c) 50% of the rent is paid for his residential house
(d) Printing includes Rs. 5,000/- paid for printing marriage cards for his daughters marriage.
(e) Interest of Rs. 30,000/- paid on loan from IDBI for higher education of his daughter. Compute the taxable income of Mr. Sham for A. Y. 2013-14

BB-Con.:9241-14.

TURN OVER

house property for Rs. 17, 50,000 on March 1, 2013. Brokerage paid by her is 1% of sale proceeds. The fair value of the house on April 1, 1981 is Rs. 1, 60,000. Compute the taxable capital gains if any in the hands of Mrs. Sagar for the assessment year 2013-14 and suggest some measures to save taxable capital gains if any arises from this transaction.

Cost Inflation Indexation Numbers:

Year 1981-82 100, 1992-93 223 , 2012-13 852.

- b) Mr. A holds 100 debentures of ACC Ltd. The face value of the debentures was Rs. 500 each and was purchased by A in 2002 for Rs. 600 each. Each Debenture was converted into 10 shares of Rs. 10 each on 31st December 2010. Mr. A sold 500 shares of ACC Ltd. on 10-5-2011 @ Rs 70 each and the balance on 25-02-13 @ Rs 80 each (net of securities transaction tax). Compute the taxable gains in the hands of Mr. A for the A. Y. 2013-14. Cost Inflation Indexation Numbers: Year 2002-03 447, 2010-11 771, 2011-12 785, 2012-13 852.

c) Explain and define Transfer under Section 2(47) of the Income Tax Act, 1961

Q3. Explain the following terms with reference to the Income Tax Act, 1961 (Any Two)

- Capital Asset Section 2(14) of the Income Tax Act, 1961
- Indexed Cost of Acquisition
- Types of Deductions allowed only on actual payments (Sec 43B)

X Q4 Explain the following terms with reference to the Income Tax Act, 1961 (Any Two)

- Expenditure on Scientific Research
- Chargeability of Income under Income from House Property (Sec 22)
- Deductions under Section 16 of the Income Tax Act, 1961.

Q5. From the following attempt any two.

- Milind owns a house, the reasonable letting value of which is Rs. 84,000. It is rented to Jayesh at a rent of Rs. 7,000 p.m. The municipal taxes are 30% of the reasonable letting value.

Milind has incurred following further expenses in respect of the property:

	Rs
For repairs	5,000
Collection charges	600
Land revenue (due but not paid)	300
Interest Expense for constructing the house.	4,000

Compute his income from House property for Assessment Year 2013-14.

- Mr. Tony, a citizen of U.S.A., came to India for the first time, on his appointment as a Manager of Thomas Cook & Co., on 1st April 2008. On 1st February 2009 he was transferred to Singapore for three years. He comes back to India on 2nd February 2012 and joins his original firm M/s Thomas Cook & Co. as a Manager and since then he is in India.

Determine the residential status of Mr. Tony for the Assessment Year 2008-09 to 2013-14.

2008-09
09-10
10-11
11-12
12-13
13-14

[TURN OVER

c) Mr. Alfred, a British citizen had the following income during the year ended on 31st March, 2013.

	Rs.
a) Income from house property in Delhi	15,000
b) Income from property in Rome	10,000
c) Interest from bank account in Noida	1,200
d) Income from business in China, being controlled from India	16,000
e) Dividend from British Company received in India	17,000

Compute his Total Income for the assessment year 2013-14, if he is

- i. A Resident
- ii. A Resident but not ordinary Resident
- iii. A Non-Resident.

From the following attempt any two.

(a) Dr. Shruuti was working in a Nair Dental Hospital (a hospital set up and run by the State Government) as a medical superintendent. She furnishes the following particulars of her salary income for the previous year ending 31st March 2013. Compute her taxable Salaries, for the Assessment Year 2013-14

	Rs.
Salary as Medical Superintendent up to 30 th September, 2012	4,50,000
Leave salary & treatment allowances) (She retired on that day)	7,500
Salary per month from October 2012	30,000
Leave salary in respect of earned leave at her credit	1,20,000
Gratuity	1,50,000
Provident fund	70,000
Commutated value of pension	25,000
Salary per month from Sharda Nursing Home, which she joined after retirement (1/11/2012 to 31/3/2013)	

- (b) Explain any two exclusions of Section 10 of the Income Tax Act, 1961
- (c) Briefly enumerate the conditions for an individual to be resident in India

Q7. Explain any two of the following terms in reference to Income Tax Act, 1961

- a) Person
- b) Income
- c) Resident But Not Ordinary resident

47 : 2nd half.13-Avi(aw)
Con. 9305-13.

30-11-13
Taxation.

BB-14676

(3 Hours)

[Total Marks : 60

- N.B. : (1) Question No. 1 is compulsory carrying 20 marks.
(2) Attempt any four questions from Question Nos. 2 to 7 carrying 10 marks each.
(3) Make suitable assumptions wherever required.
(4) Use of Bare Income Tax Act is allowed.

Q1. Mr. Das is a Practicing Chartered Accountant; He also runs a private accountancy coaching classes. He keeps his account on cash basis furnishes and the following is his summarized cash book for the year ended 31st March, 2013.

Receipt	Rs.	Payments	Rs.
To Balance b/fd	9,514	By Office Expenses	54,500
To Audit Fees	1,80,650	By Institute Expenses (CA)	1,430
To Other incomes from Profession	5,475	By Household Expenses	38,500
To Coaching Fees	72,545	By Membership Fees	3,415
To Interest on Investment (net) (TDS Rs. 2,000)	8,300	By Life Insurance Premium	11,250
To Profit on sale of Old Flat	50,000	By Income Tax	12,493
		By Motor Car Purchased	83,450
		By Car Expenses	6,585
		By Accident Insurance	300
		By Mediclaim Insurance	3,600
		By Balance c/d	1,10,961
	3,26,484		3,26,484

Other Information:

- Office expenses include Rs. 1,300 for the purchase of fiction books for self, and books of Rs. 2,640 donated to poor students.
 - 1/3 rd of the motor car expenses are in respect of his professional use.
 - His investments are all in government securities.
 - Depreciation on motor car is to be computed at 20%
 - Coaching Fees are net after meeting all expenses.
 - Mr. Das had started some work for an assignment in March, 2013. The work was completed in April, 2013 and the bill of Rs. 5,000 was raised in April, 2013.
 - Mr. Das had during the year sold his Old Flat for Rs. 9,00,000. The same was purchased before five years for Rs. 5,50,000. The Cost Inflation Index for the year 2007-08 is 551 and 2012-13 is 852
- Compute his total taxable income for the Assessment Year 2013-14

Q2 From the following attempt any two.

- Mr. Sagar purchases a House property for Rs. 60,000 in December, 1977. He gets the first floor of the house constructed in 1978 by spending Rs. 30,000. He dies in October 1980. The property is transferred to his wife by his will. Mrs. Sagar spends Rs. 40,000 in 1992-93 for reconstruction of the property. She sells the

[TURN OVER

2. From the following attempt - any two

(a) Mr. Jadhav owned a residential house at madurai the original cost of which was 1,00,000/- it was acquired on 1- Nov-2000. He sold the house on 1-7-2006 for Rs. 9,00,000/- and purchased another house on 30-05-2008 at Trichi for Rs. 700,000/- the second house at Trichi was sold by him for Rs. 9,00,000/- on. 30-06-2013. Calculate Capital gain liable to tax.

10

(b) Mr. Chirag bought a residential flat on. 02-05-2009 for Rs. 20,00,000/- He paid on the same day the stamp duty and registration charges of Rs. 50,000/- for that. He Sold the said flat on. 19-03-2014 for Rs. 39,00,000/- The Cost inflation index for FY. 09-10 is 632, for 2013-14 is 939.

(c) Which assets are excluded from defination of capital asset.

3. Explain following terms with reference to income tax Act. 1961 (Any 2)

10

- (a) Assessment years
- (b) Resident and ordinary resident
- (c) Gross annual Value.

4. Explain Any 2 of the following.

10

- (a) Person
- (b) Assessee
- (c) Perquisites. (u/s. 17)

5. From the following attempt any two

10

(a) Mr Paul. a U.K National Comes to India for the first time on . 15-04-2007. During the financial years 2009-10, 2010-11, 2011-12, 2012-13, and 2013-14 he was in India for 120 days, 90days, 12 days, 200 days, and 65 days respectively. Determine his residential status for A. Y. 2014-15.

(b) Mr. Aamir had the following income during the Previous year ended 31-03-2014

- (a) Professional fees received in India 9,000/-
- (b) Payment for the services rendered in India. 8,000/-
- (c) Income from business in Bangladesh, being Controlled from India. 7000/-
- (d) Income from Agriculture in Indonesia. 6000/-
- (e) Amount brought in to India out of the past 5000/-

untaxed profit earned in America Compute total Income of Mr. Aamir is (a) Resident (b) Ordinary resident (c) Non resident.

(c) Mr Vivek a lecturer in S. V. College, Pune. He furnishes the following detail.

- (a) Monthly Salary Rs. 3600/-
- (b) H.R.A. Rs. 450 P.M. (of which Rs. 200 P.M. is exempt)
- (c) Examinership fees from pune university Rs. 2000/-
- (d) Expenditure on books Rs. 3,700/-
- (e) Professional Tax deducted at source 600/-

You are required to compute income from salaries of mr. Vivek.

6. From the following attempt any two

10

- (a) Mr Gopal holds the following securities on April, 1st 2013.
 - (a) Rs. 1,00,000/- 7% Securities in Tamilnadu Govt.
 - (b) Rs. 60,000/- 14% non listed Debenture of ABC Ltd.
 - (c) On 1 st August he borrows Rs. 33000/- at 7% p.a. and invest it in 8% securities of Control govt. Purchased at Rs. 110 (F V Rs. 100)
 - (d) On 1 st Oct 2013 he further borrows Rs. 40, 000/- @ 8% p.a. For investing in 10% listed debenture of DEF Ltd. Determine his income from other sources for A.Y. 2014-15 The interest on all investment are due and received on 31 st March every years.
- (b) State various income exempted u/s 10
- (c) List of payment quality for deduction u/s 80 C

7. Explain any two of the following :-

10

- (a) Deduction u/s 24 and expenses dis allowed.
- (b) Entertainment allowance
- (c) Assessee.

- N.B. :** (1) Attempt any **five** questions and **all** questions carry **20** marks each.
 (2) Make **suitable** assumptions wherever **required**.
 (3) Use of Bare Income Tax Act is **allowed**.

Question 1) From the following Income and Expenditure Account of Dr. Saachi. Compute her Total Taxable Income for A.Y. 2012-2013 (20)

Expenditure	Rs.	Income	Rs.
To Employees Salaries	2,40,000	By Consulting fee	8,00,000
To Dispensary expenses	1,35,000	By Visit fees	2,00,000
To Dispensary Rent	1,20,000	By Gifts from patients	80,000
To Cost of Medicines	90,000	By Sale of medicines at the dispensary	1,60,000
To Provision for Income tax	70,000	By Rent from house property	2,00,000
To Professional fees paid to Junior Doctors	44,000	By Winnings from Lottery	40,000
To Car expenses	72,800		
To Membership Fees of Medical Association	4,000		
To Municipal Tax for Rented House	24,000		
To Interest for housing loan for Rented house	36,000		
To printing charges	8,000		
To depreciation	96,000		
To Charity	3,000		
To Surplus for the year	5,37,200		
	14,80,000		14,80,000

Additional information:

1. Gifts from patients include Rs. 1,000 from her father in personal capacity.
2. Depreciation as per income tax rules Rs. 45,000.
3. She purchased NSC - Rs. 30,000 and paid life insurance premium of Rs. 60,000.
4. She paid Rs. 20,000 to Nationalised Bank towards Principle Repayment of Housing Loan.

[TURN OVER

5. She has paid by cheque the Mediclaim ⁹⁰⁰ premium amounting to Rs. 30,000 which covered him, spouse and parents.
6. Cost of Lottery Ticket, Rs. 500
7. She has also, purchased Infrastructure Bonds of Rs. 30,000 ⁸⁰⁰⁰⁰

Q2) Mr. Khiladi owns the following assets as on 31st march, 2009. These assets were acquired by him on 1st April, 2008 and 1st July 2008 respectively. (20)

a) Gold - Rs. 162,000 b) House property worth Rs. 90,000.

Mr. Khiladi gifted the above properties to Ms. Moksha on 14th May 2009. She was in need of funds due to her impending marriage in the next year and therefore sold both these assets on 6th June, 2011 at Rs. 2,05,000 and Rs. 310,000 respectively. Compute the capital gains in the hands of Ms. Moksha for A.Y. 2012-13.

[Cost Inflation Index: 2008-09: 582; 2009-10: 632, 2011-12: 785]

Q3) Explain the flowing terms with reference to the Income Tax act, 1961

- (a) Entertainment Allowance
- (b) Deduction u/s 80D
- (c) Indexation
- (d) Assessment

(4 x 5 marks each = 20)

Q4A) Explain any five items of expenses which are NOT allowed (disallowed) as deduction while computing the Income from Business or Profession under the Income tax act. (10)

Q4B) Explain the concept of Previous year and Assessment year (10)

Q5) Ms. Svetlana has self-occupied two houses for her own residential purposes, particulars of which are as follows: (20)

Particulars	House 1	House 2
Municipal Valuation	80000	40000
Fair rent	100000	44000
Municipal taxes paid	10%	10%
Interest on borrowed capital	10000	16000
Fire Insurance premia paid	5550	1580

You are required to compute the Net taxable income under the head Income from House property

Q6A) Briefly discuss any five incomes that are exempt from tax u/s 10 of the Income Tax Act, 1961 (10)

Q6B) How do Short term capital gains and Long term capital gains arise? (10)

Q7) Explain any three of the following:

- (a) Person
- (b) Assessee
- (c) Block of Assets
- (d) Deductions allowable under 'Income from Other Sources'

(10)

Con. 5705-11.

BB-2083

(3 Hours)

[Total Marks : 100

- N.B.** 1. Attempt any Five Questions and All Questions carry 20 Marks each
2. Make suitable assumptions wherever required
3. Use of Bare Income Tax Act is allowed.

Q.1 The Net Profit of Mr. Ajay Amte who is a proprietor of M/S Ajay Vijay, for the year ended 31.3.2011 after considering the following items was Rs. 4,21,221/-.

- Salary paid during the year Rs. 345,300/- which includes salary of Rs. 72,000/- paid to Mr. Ajay himself.
- Donations paid to a local Charitable Trust Rs. 12,000/- The donations are exempt to the extent of 50% of the amount donated to the Trust.
- Depreciation on Car Rs. 39,300/-, and 1/3 of the car use is personal. The depreciation allowable as per I.T. Act 1961 is Rs. 54,000/-
- Provision for doubtful debts made Rs. 42,800/-
- Staff Welfare expenses paid are Rs. 66,300/- which include LIC Premium of Mr. Ajay of Rs. 33,210/-
- Income Tax paid Rs. 89,000/-, including Tax for last year at Rs. 40,000/-
- Dividend received from Reliance Ind. Ltd. at Rs. 7,800/- is credited to the Profit & Loss a/c while deriving Net Profit.
- Repairs and Maint. Charges include Rs. 22,100/- paid on the repairs of own residential house of Mr. Ajay.
- Motor Car expenses paid are Rs. 45,300/-

You are required to work out the taxable Business Income of Mr. Ajay for AY 2011-12 after taking into account the above information and by making suitable adjustments wherever required. (20)

Q.2 Ms. Sapna Pathare gives the following details of her income for AY 2011-12 :
Gross Salary @Rs. 84,000/- pm and the following yearly deduction were made from salary : Prof. Tax Rs. 2,500/-, Provident Fund Rs. 98,700/- and TDS Rs. 11,600/-
The taxable value of perquisites at Rs. 65,300/- was not included in the above Gross Salary.

She has let out 50% of her residential house at monthly rent of Rs. 10,200/- after TDS (Gross Rent being Rs. 12,000/- pm), Municipal taxes for the entire house for the year are Rs. 8,400/- and EMI paid for Housing loan @ Rs. 21,200/- p.m. (50% towards interest and balance for loan repayment)

During the year she received gifts of Rs. 67,000/- from her parents and loan taken from brother was Rs. 1,00,000/-

She paid Mediclaim premium of Rs. 11,230/- while interest received on her bank deposit was Rs. 12,228/- and Dividend received during the year amounted to Rs. 23,560/-

Compute her taxable income. (20)

Q.3 Explain the following terms with reference to Income Tax Act, 1961 : (20)

- Deductions from Income from Salary.
- Agricultural Income
- Previous Year
- Income from Other Sources

[TURN OVER

- Q.4. (A) Discuss the Heads Of Income under Income Tax Act 1961. (10)
 (B) Discuss in brief any five items of income exempt under section 10 of the IT Act 1961. (10)

Q.5 Answer the following with reference to the provisions of I.T. Act 1961, by giving reasons : (5 x 4 = 20)

1. Mr. Ramakant is an Electronic Engineer and is in full time employment with Amar Enterprises. He also works as Manager on Part Time basis with Shivam Electronics. He wants to show Salary received from full time employment as Income from Salary and the part time job salary received as Income from Profession so as to claim relevant expenses as deduction from Income from Part Time Salary. Is his claim correct ?
2. Ms. Jaya has withdrawn cash from her Savings Bank Account, an exact amount of Rs. 10260/- and paid the same towards her Mediclaim premium. Since the premium is paid out of amount withdrawn from bank same day, she claims that the ded. u/s 80 D is available to her. Is her claim justifiable ?
3. Mr. Amit an Indian National Resident of India has visited Japan and earned a sum equivalent to Rs. 51000/- in Tokyo. Since this amount is received out of India, for services rendered in Japan without any Indian connection, he claims that he is not required pay tax on that amount in India. Is his contention valid ?
4. Mr. Vinant is a businessman having five cars used for the business and the book value of the cars is Rs. 11,22,300/- on Opening day of the year. One of the cars having book value at Rs. 100,000/- is sold for Rs. 185000/-. He is of the opinion that profit made on sale of such car is not taxable separately, as it is to be adjusted against the value of the remaining cars. Is he right ?

Q.6 Mr. Abhay had purchased a flat in March, 1991 for Rs. 5,00,000/-. In March 1997, he made major improvements and structural changes which costed him Rs. 3,00,000/- In September, 2005, he spent Rs. 450000/- on renovation. In January 2011, he sold the old flat for a consideration of Rs 65 lacs, stamp duty @ 5% was payable by buyer, while brokerage payable by seller was @ 1% of sales consideration. Calculate the taxable capital gain and tax payable thereon, if any, from the above transactions. You are informed that the Cost Inflation Index for the relevant years are : 1990-91 : 182, 1996-97 : 305, 1997-98 : 331, 2004-05 : 480, 2005-06 : 497, 2009-10 : 632, 2010-11 : 711 (20)

- Q.7 (A) Briefly explain the concept of Non- Resident as per the provisions of Income Tax Act 1961. (08)
 (B) Briefly discuss any Three Deductions under Chapter VI A (Sec. 80) of the Income Tax Act 1961. (12)

- N.B. : (1) Attempt any five questions and all questions carry 20 marks each.
 (2) Make suitable assumptions wherever required.
 (3) Use of Bare Income Tax Act is allowed.

Q.1 Mrs. Anuja Sahani gives you the following details of her income received in 2009-10. You are required to compute her taxable income for AY 2010-11.

- Salary Received Rs. 12,22,230/- after the following deductions : Prof. Tax Rs. 2500/-, Provident Fund Rs 1,24,200/-, Housing Loan instalments Rs. 246600/- (which include interest for the year at Rs. 164300/-) and TDS Rs. 340,000/-
- The above salary does not include Conveyance allowance of Rs 24000/- (Out of which Rs. 9600/- are exempt from I.Tax), Medical allowance of Rs. 40000/- (out of which Rs. 15000/- is exempt under Income Tax Act) and reimbursement of telephone bills of Rs. 12600/-
- She earned Rs. 34230/- as Bank Interest net of TDS of Rs. 3600/- . She also received Dividend from Tata Motors Ltd. at Rs. 6000/- and Interest earned on her PPF is Rs. 47300/-
- She had a mediclaim policy on which premium paid by her on Credit Card is Rs. 12890/- . She has also given a sum of Rs. 10000/- to needy students for their educational needs.
- The Housing loan is towards her OWN Residential house, which was acquired by her in Decemeber 2008.

Q.2 Mr. Sunil gives the following details his transactions made during 2009-10 :

- Sold a House for Rs. 82,50,000/- in December 2009 and paid brokerage of Rs. 1,25,000/- and Society Transfer charges of Rs. 21000/- . The House was purchased in Dec. 2000 for Rs. 22,20,000/- and major renovation was carried out in June 2005 at a total cost of Rs. 4,00,000/-
- He sold in March 2010 , shares in ACC Ltd., a listed company for Rs. 221,200/- which were purchased by him in July 2007 for Rs. 78200/-
- During the year he purchased 1000 shares of TISCO . @ Rs.520/- each and sold 500 shares from them @Rs. 620/- per share.
- He purchased 100 gms. of gold @Rs.1030/- per gram in Dec. 2006 and sold the same @Rs. 1740/- per gram in Nov. 2009.

Calculate the income from Capital Gains for AY 2010-11.

He also informs you that he wants to buy a new residential house for Rs. 60 lacs. Explain to him the provisions of the Act related to tax saving benefits likely to occur to him from purchase of such property.

The value of the property is as under :

2000-01 : Rs. 22,20,000
 2005-06 : Rs. 4,00,000

acc. to Acc. No. Nov. 09
 1000 shares @ Rs. 520 = 5,20,000
 500 shares @ Rs. 620 = 3,10,000
 Total = 8,30,000

1581

Q.3 Explain the following terms with reference to the Income Tax Act, 1961 :

1. Person
2. Capital Assets
3. Assessee
4. Deduction u/s 80 U

Q.4 Discuss in brief the scope of the income of an individual separately treating him as :

1. Resident
2. Non Resident
3. Resident but Not Ordinarily Resident

Q.5 Answer the following with reference to the provisions of I.T. Act 1961, by giving suitable reasons :

1. Mr. Jay has suffered a huge short term capital loss from shares. He wants to sell his old house property and adjust the short term capital loss against the Long Term Capital gains from sale of property (Sec. 74 of the Act) Is he justified ?
2. Ms. Sheena has carried out the trading business in cosmetics products and suffered a loss. She wants to adjust the same against her salary income. Is her stand legally acceptable as per Sec. 71 of the Act ?
3. Mr. Ramesh has given his house property in Delhi on rental basis. Since he stays in Mumbai he has appointed a Caretaker to look after the property and also collect the rent. At the end of the year Mr. Ramesh has paid Rs. 18000/- towards his salary and Rs. 28900/- expenses incurred on painting and maint. charges on the property let out. Mr. Ramesh wants to adjust these expenses from the Rent received. Is he justified ?
4. Mr. Sanjay has received a sum of Rs. 59200/- as gift from his Non Resident friend and he is of the opinion that as per Sec. 56 of the Act, a sum of Rs. 9200/- is only taxable as any gift upto Rs. 50000/- in a year is exempt from Income Tax. Is he correct ?

Q.6 Explain the following with reference to Income Tax Act, 1961 :

1. Depreciation
2. Previous Year
3. Clubbing of Income as per section 64.
4. Income

Q.7 (A) Discuss any five items of income which are exempt u/s 10 (10)

(B) Discuss the provisions of sec. 35 as regards the Expenditure on Scientific Research. (10)