

26/11/19
Tuesday
10:30 am to 1:00 pm

Paper / Subject Code: 44707 / Taxation - III - Direct Tax Paper - I
T.Y.B.Com (Accounting & Finance) CBSGS
Nov 19

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5 Copies

[Time: 2 ½ Hours]

[Marks: 75]

- N.B.:
1. Q.1 is compulsory.
 2. Q.2 to Q.5 are compulsory with internal choice.
 3. All questions carry equal marks.
 4. Working notes should form part of your answer.
 5. Use of simple calculator is allowed.

Q.1 A Fill in the blanks (any eight). (8)

1. The legal status of Rihan, a minor son of Vrajesh, under the Income Tax Act is _____.
2. Salary received by the partner from the firm in which he is a partner is taxable under the head of _____.
3. Net Annual Value of self occupied property (SOP) is _____.
4. Expenses exceeding _____ paid in cash are disallowed.
5. _____ means any profits or gains arising from the transfer of a capital asset.
6. Winnings from lotteries is taxed under the head of _____.
7. A person suffering from not less than _____% of the prescribed disability can claim a deduction under section 80 U.
8. Entertainment allowance is available for deduction only in case of _____ employees.
9. Pre-construction period interest can be deducted in _____ equal installments.
10. Previous year means the _____ year immediately preceding the Assessment Year.

B State whether the following statements are True or False. (any seven) (7)

1. Gift from a patient to a doctor is chargeable to tax as income from profession for the doctor.
2. Foreign income of an ordinary resident is wholly taxable.
3. Municipal tax is a deduction from net annual value.
4. Dividend from a co-operative society is exempt from tax.
5. The payment for insurance premium under section 80D can be made in cash.
6. Residential status depends only on nationality.
7. Income deemed to accrue or arise in India is taxable in case of all the assessees.
8. Salary includes advance salary, arrears of salary and salary in lieu of notice period.
9. Expenses incurred for the purpose of realizing unrealized rent cannot be claimed.
10. Compulsory acquisition of immovable property under a law is treated as transfer.

Q.2 A Mrs. Trupti is an employee of Central Government. She provides you the following information for the previous year ending 31-3-2019: (15)

Basic Pay per month	Rs 1,00,000
Dearness Allowance	50% of basic salary
Commission	Rs 20,000 p.a.
Entertainment Allowance	Rs 45,000 p.a.
Medical expenses reimbursed	Rs 25,000
Professional Tax paid	Rs 2,500 (paid by employer)
Bonus	Rs 90,000
Gratuity received during service	Rs 2,00,000
Own contribution to Recognised Provident Fund	Rs 12,000 per month
Leave salary encashment for the year	Rs 55,000

Determine taxable salary of Mrs. Trupti for the Assessment Year 2019-20

OR

Q.2 B Mr. Ajit Patil acquired residential property on 1-5-1993 for Rs 2,00,000. (15)
Additional information pertaining to the property is as follows:

1. Fair Market Value as on 1-4-2001 was Rs 5,00,000.
2. Cost of improvement made by him is as under:

Financial Year	Rs
1996-97	50,000
2006-07	1,50,000
2010-11	2,10,000
2011-12	3,50,000

3. He sold residential property on 15th February, 2019 for Rs 2,00,00,000.
 4. He acquired new residential house for Rs 1,00,00,000 on 16th March, 2019.
 5. Expenses on transfer amounted to Rs 1,00,000.
- You are required to compute his income from Capital Gain for the Assessment Year 2019-20.

Relevant Cost Inflation Indices (CII) are as follows:

Financial Year	CII
2001-02	100
2006-07	122
2010-11	167
2011-12	184
2018-19	280

Q.3 A Mr. Jay Mehta is an owner of one residential house in Mumbai. **(15)**

The house has two identical units. First unit of the house is occupied by Mr. Jay and another unit is rented for Rs 10,000 per month.

The particulars of the house for the previous year 2018-19 are as under:

Fair Rent	Rs 1,95,000 p.a.
Municipal Valuation	Rs 2,00,000 p.a.
Standard Rent	Rs 1,50,000 p.a.
Municipal Tax	10% of municipal valuation
Electricity and water charges paid by the tenant	Rs 1,000 per month
Interest on Borrowed Capital	Rs 3,000 per month
Insurance charges paid by Mr. Jay	Rs 7,000 p.a.
Repairs	Rs 15,000 p.a.

Compute income from house property of Mr. Jay for the Assessment Year 2019-20.

OR

Q.3 B Following is the income of Mr. Nimesh for the Previous Year relevant to Assessment Year 2019-20: **(15)**

i) Professional fees received in India for three months	Rs 27,000
ii) Payment for the services rendered in India	Rs 48,000
iii) Income from business in Bangladesh, being controlled from India	Rs 57,000
iv) Income from agriculture in Indonesia	Rs 76,000
v) Interest received in Paris in respect of securities in French Companies	Rs 25,000
vi) Amount brought into India out of the past untaxed profits earned in U.S.A	Rs.75,000
vii) Rent from House in UK received in Spain	Rs 12,000
viii) Dividend from Indian company received abroad	Rs 10,000
ix) Income from house property in India	Rs 15,000
x) Interest from deposits with Indian Bank in Mumbai.	Rs 1,00,000

Find out his gross total income, if he is a:

- a) Resident and Ordinarily Resident;
- b) Resident but not Ordinarily Resident;
- c) Non Resident in India

Q.4 A From the following Profit and Loss Account of Mr. Mohit Varma for the year ending 31st March, 2019, compute his total income for the Previous Year relevant to the Assessment Year 2019-20: (15)

Particulars	Rs	Particulars	Rs
To General expenses	10,000	By Gross Profit	3,00,000
To Office Salaries	45,000	By Interest on SBI Deposits	5,100
To Interest on Capital of Mr. Mohit	16,000	By Interest on Company Deposits	2,300
To Provision for Bad Debts	10,000	By Income Tax Refund	2,900
To Depreciation	7,000		
To Advertisement	12,000		
To Fire Insurance Premium	2,000		
To Donation	10,001		
To Advance income tax	1,298		
To GST paid	11,000		
To Discount allowed	13,000		
To Printing & Stationery	20,000		
To Travelling Expenses	13,176		
To Net Profit	1,39,825		
	3,10,300		3,10,300

Following additional information is given:

- (1) Allowable depreciation under Income Tax Act was Rs 10,000.
- (2) General expenses include furniture purchased worth Rs 3,000.
- (3) Office salaries include salaries paid to Mrs. Varma Rs 10,000. Mrs. Varma, M.Com. writes the accounts of the business.
- (4) Advertisement include Rs 4,500 for the advertisement in souvenir of a political party.

OR

Q.4 B From the following particulars of Mr. Rakesh for the previous year ended 31st March, 2019, compute his total income for Assessment Year 2019-20: (15)

Particulars	Rs
1. Interest on bank deposits	12,000
2. Income from undisclosed source	51,000
3. Dividend from Indian companies	27,000
4. Dividend from foreign companies	16,700
5. Interest on NSC series VIII	5,290
6. Interest on Debentures	7,698
7. Interest paid on funds borrowed for investment in Debentures	1,200
8. Rent income from plot of a land	45,900

9.Share of profit of HUF	46,000
10.Interest on Savings Bank Account	14,000
11.Salary	3,00,000

Q.5 A. Explain any eight expenses not allowed in computing income from business under Income Tax, Act. (8)

B. Explain any six deductions available under Section 80 of the Income Tax Act. (7)

OR

Q.5 Write a short note on (any three): (15)

- (i) Definition of 'Person' as per Income Tax Act
- (ii) Long term capital gain
- (iii) Incomes exempt u/s 10
- (iv) Residential status of an individual
- (v) Gratuity exemption
