

S.Y.B.B.I.

SUB: TAXATION FOR SERVICES

MARKS: 75

Q.1 A) MULTIPLE CHOICE QUESTIONS (5 MARKS)

- Income tax extends to
 - Whole of India
 - Whole of India except Jammu & Kashmir
 - Whole of Maharashtra only
 - None of these
- A.O.P. should consists of
 - Individual only
 - Persons other than individual only.
 - Both the above
 - None of these
- Total income of a person is determined on the basis of his:
 - Residential status in India
 - Citizenship in India
 - None of these
 - Both of the above
- Income received in India
 - Is taxable only for a resident
 - Is not taxable only for a non resident
 - Is taxable for a resident, a resident but not ordinarily resident and a non-resident.
 - Is exempt in all cases
- Which of the following is allowed as a deduction while computing the business income?
 - Wealth tax
 - Income tax
 - Sales tax
 - None of these

B) FILL IN THE BLANKS (5 MARKS)

- Previous year means the _____ year immediately preceding the assessment year.
- An assessment is defined under the Income tax Act to include _____
- Advertisement in _____ souvenir is expressly disallowed while computing the business income.
- Expenses exceeding _____ paid in cash are disallowed.
- Reasonable letting value cannot exceed _____

C) MATCH THE FOLLOWING (5 MARKS)

Group A	Group B
Provision for bad debts	Taxable for ordinary resident
Foreign income	1/3 rd of NAV
Standard deduction	Restricted up to rs. 2 lacs
Interest on loan for SOP	Fully deductible
Interest on loan for LOP	Not allowed as deduction

Q.2 (a) Mr. Tom, a foreign national, furnishes the following particulars of his income for the previous year relevant to the A.Y. 2015-16 (7 MARKS)

1. Profit on sale of plant at London (1/2 is received in India) Rs. 46,000
2. Profit on sale at Delhi (1/2 is received in London) Rs. 52,000
3. Interest on U.K. Development Bonds (Entire amount received in India) Rs. 40,000
4. Interest on Bank Accounts in India Rs. 5,000
5. Dividend from British company received in India Rs. 2,000
6. Income from property in London Rs. 3,000
7. Interest received in London from a company Registered in India but mainly operating in U.K. Rs. 18,000
8. Profits from a business in Delhi managed from India Rs. 30,000

Compute his total income for the A.Y. 2015-16 assuming the residential status as:

- (i) Resident and Ordinary Resident
- (ii) Resident but not Ordinary Resident.
- (iii) Non- Resident.

(b) Mr. B an Indian citizen and a professional cricketer toured south Africa, Australia, U.K. West Indies and Zimbabwe on various dates. The details of departure from and arrival to India are as under (8 MARKS)

Country	Departure date	Arrival date
South Africa (for the first time)	01.03.2012	25.03.2014
Australia	15-04-2014	01.05.2014
U.K.	05.05.2014	11.07.2014
West Indies	31.08.2014	14.09.2014
Zimbabwe	01.01.2015	15.04.2015

Determine his residential status for the assessment year 2015-16. Give working and explanations.

OR

Q.2 (a) Mr. Abhishek furnishes you with the following details of his income for the year ended 31.03.2015. Determine the scope of his total income for the A.Y. 2015-16 assuming he is (7 MARKS)

- (i) Resident & Ordinary Resident.
- (ii) Resident & Not Ordinary Resident.
- (iii) Non Resident

1. Interest on Nepal Development Bond (1/3 received in India) Rs. 21,000
2. Income from agriculture in Bangladesh Rs. 40,000

- | | |
|---|------------|
| 3. Rent from property in Japan received outside India | Rs. 10,000 |
| 4. income earned from business in London which is controlled
From Delhi (Rs. 15,000/- received in India) | Rs. 35,000 |
| 5. Interest paid by an Indian company but received outside India | Rs. 9,000 |
| 6. Profit from a business in Thane and managed from outside India | Rs. 50,000 |

(b) Mr. Amol, an Indian film actor gives the following information of his stay outside India for film shooting (8 MARKS)

Period	Place
12 th April 2014 to 27 th April 2014	USA
5 th May 2014 to 11 th July 2014	Sri Lanka
26 th August 2014 to 9 th September 2014	UK
20 th September 2014 to 11 th October 2014	New Zealand
3 rd January 2015 to 25 th March 2015	South Africa

He made his entry in International films on 10th March 2012 and went to Hollywood for 2 years and returned to India on 28th March 2014
Determine his residential status with reasons for the A.Y. 2015-16

Q 3 From the following particulars computes the business income of Mr A for A.Y. 2015-16 (15 MARKS)

Particulars	Rs.	Particulars	Rs.
To salaries	120000	By Gross Profit	400000
To Rent and Taxes	30000	By dividend from Indian Cos.	5000
To repairing charges	5000	By Interest from PPF	6000
To legal Expenses	4000	By Interest received	5000
To Income Tax	5000		
To depreciation	11000		
To Patents purchased	42000		
To Office expenses	22000		
To Donations	10,000		
To Bad Debts	6000		
To Wealth Tax	5000		
To Net Profit	156000		
	416000		416000

Additional Information

- Legal expenses include penalty paid for the damages for breach of contract Rs. 5000/-
- Depreciation as per Income tax Act is Rs. 25000/-

OR

Q 3 Mr. Anand is a lecturer in a college at Mumbai. The details of his salary and other expenses for the previous year 2014-15 are as follows: (15 MARKS)

- Basic salary Rs. 40000
 - Dearness allowance Rs. 7000
 - City compensatory allowance Rs. 3000
 - Education allowance of his son Rs. 4000
 - House rent allowance Rs. 6200/- (rent paid Rs. 7100, exempt u/s 10 (13A)
 - Allowances for looking after the evening shift of the college Rs. 500/- p.m.
 - He incurred an expenditure of Rs. 1000 for attending a seminar at Nagpur. Expenditure was reimbursed by the college
 - During the year he spend Rs. 3000/- on purchase of books for teaching purposes.
 - Profession tax was Rs. 1600/-
- Calculate the income from salary for the A.Y. 2015-16

Q 4 Dr. Vinayak Vighnaharte a medical practitioner provides you the income & Expenditure account for the year ended 31st March, 2015: (15 marks)

Expenditure	RS.	Income	Rs.
To Salaries to Staff	54000	By Consultation fess	260000
To Rent	36000	BY visiting fess	30000
To purchase of Medicines	28000	By winning From horse races	10000
To Telephone Expenses	12000	By Sale of medicines	30000
To Printing & Stationery	11500		
To Donations	2500		
To Book & Periodicals	11800		
To L.I.C. Premium	1200		
To Income Tax	3000		
To Paid to LIC-jeevandhara	20000		
To Surplus for the year	150000		
	330000		330000

Following additional information has been provided.

- Visit fees include Rs. 10,000/- received as a gift from father.
- Half of the rent attributable towards residence.
- Rs.2, 300 printing charges are incurred for printing wedding cards of his daughter.

Compute on the above information Vinayak's taxable income for profession for assessment year 2015-16.

OR

Q 4 Mr. X owns one residential house in Mumbai. The house is having two units of identical size. First unit of the house is self occupied by Mr. X and another unit is rented for Rs. 8000 p.m. The particulars of the house for the previous year 2014-15 are as under:

Standard rent	Rs. 1.62 lacs p.a.
Municipal valuation	Rs. 1.90 lacs p.a.
Fair rent	Rs. 1.85 lacs p.a.
Municipal tax paid by owner during the year – 15% of municipal valuation	
Light and water charges	Rs. 500 p.m.
Interest on borrowed capital	Rs. 1500 p.m.
Lease money	Rs. 1200 p.a.
Insurance charges	Rs. 3000 p.a.
Repairs	Rs. 12000 p.a.

Compute the income from house property of Mr. X for the A.Y. 2015-16

Q 5 SHORT NOTES (ANY 3) (15 MARKS)

1. Define "previous year"
2. Classification of house property
3. Any five disallowed expenses of business
4. Ordinary resident.
5. "Person" as per Sec 2 (31) of the IT Act 1961.

mnotes.in