

Q.P. Code: 23394

(2 ½ Hours)

[Total Marks : 75]

N.B

- 1) All questions are **compulsory**.
- 2) Figures to the right indicate full marks allotted to the question.
- 3) Simple calculator is allowed.

Q1 A. Fill in the blanks using suitable alternatives. (Any 8)**[08]**

1. Income tax is tax on _____.
 - a) Profit
 - b) Income
 - c) Turnover
2. An _____ company is always resident in India.
 - a) Industrial
 - b) Indian
 - c) Individual
3. Total income of a person is determined on the basis of _____.
 - a) Residential status in India
 - b) Citizenship in India
 - c) None of the above
4. Un-commuted pension received by government employee is _____.
 - a) Taxable
 - b) Exempt
 - c) 1/3 exempt
5. Entertainment allowance under section 16 is deductible in case of _____.
 - a) Government Employees only
 - b) Non-Government employees only
 - c) Deductible for both Government as well Non-Government employees
6. Gift received from Father is _____.
 - a) Fully taxable
 - b) Fully exempt
 - c) Exempt if gift value exceeds Rs. 50,000/-
7. Deduction under section 80D for Mediclaim is only allowed if _____.
 - a) Payment is made in cash
 - b) If payment is made in any mode other than cash
 - c) If payment is made in cash for dependent parents
8. Reasonable Letting value cannot exceed _____.
 - a) Standard Rent
 - b) Fair Rent
 - c) Municipal Value
9. _____ is an example of taxable perquisite.
 - a) Laptop provide for official use only
 - b) Medical Reimbursement in Employer's hospital
 - c) Life insurance premium paid by Employer for Employee
10. Maximum deduction allowed under section 80C is _____.
 - a) Rs. 2,50,000/-
 - b) Rs. 1,00,000/-
 - c) Rs. 1,50,000/-

Q.P. Code: 23394

B. State whether the following statement are True or False. (Any 7)**[07]**

1. Deduction under section 80U is not allowed to Individual below 40% disability.
2. Income tax Act does not apply to the state of Jammu and Kashmir.
3. Capital gain is not calculated on sale of shares and securities.
4. Standard deduction under section 24 is 30% of Net annual value.
5. There are 4 heads of income under income tax Act 1961.
6. Income deemed to accrue in India is not chargeable to Non-Resident.
7. Previous year for new business can be less than 1 year.
8. Assessment year is a period of 12 months starting on first April every year.
9. Exclusive definitions are always perfect and complete.
10. Legal status of Tata and Bata Ltd. will be 'Individual' as per Income tax Act 1961.

Q2

Following is the profits and loss account of Mr. Augustin Fernandis physically disabled person (50%). **[15]**

Particulars	Rs.	Particulars	Rs.
To Office expenses	201,600	By Gross Profit	800,000
To Reserves for discounts	49,200	By Interest on Fixed deposit	63,600
To Fire Insurance Premium	28,800	By Dividend from Indian company	10,000
To Bad debts	13,440		
To Rent	12,000		
To General expenses	72,000		
To Office expenses	34,800		
To Salaries	14,400		
To Advertisement	19,200		
To Income Tax	3,000		
To Depreciation	32,400		
To Loss on sale of Furniture	10,800		
To Interest on bank overdraft	9,600		
To Net Profit	372,360		
	873,600		873,600

Following further information has been provided:

1. Depreciation allowed as per income tax rules is Rs.30,000/-
2. Advertisement Include advertisement for political souvenir amounted to Rs.5,000/-
3. Salaries include penalty paid to income tax office Rs. 1,000/-

You are required to calculate the Gross Total income for the Assessment Year 2017-18.

OR

Q.P. Code: 23394

- Q2** Dr. Matin Khan is employed with DSK College, Mumbai. He gives you following information [15]
for the year ended 31st March, 2017.

Particulars	Rs.
Basic Salary	8,00,000/- per annum
Dearness Allowance	4,00,000/- per annum
Perquisite value of Rent Free House	24,000/- per annum
Arrears of Salary (not taxed earlier)	3,60,000/-
Examination remuneration received from college	21,000/-
Professional Tax Deducted from Salary	2,500/-
Remuneration received from Mumbai University for being P.H.D Guide	20,000/-

He spent Rs. 12,000/- on purchase of books useful for the purpose of his employment.

He received Best Teacher Award of Rs. 22,000/- from Government of Maharashtra.

He Received gift from Mother Rs. 1,50,000/-

He paid LIC premium for his son Rs. 21,000/- through net banking.

He had taken a loan from Bank of Baroda for higher education of his son pursuing Mumbai University's Engineering degree course. For which he paid interest of Rs. 50,000/- during the year. Compute his taxable income for the Assessment Year 2016-17.

- Q3** A) Mr. Atik Shaikh gives you the following information regarding house property owned by him, [15]
for previous year 2016-17.

Particulars	House I (Self Occupied)	House II (Deemed to be Let out)
Rent (Per month)	20,000/-	16,000/-
Municipal Valuation (per month)	30,000/-	20,000/-
Municipal Taxes paid	24,000/-	20,000/-
Municipal Tax Outstanding	12,000/-	Nil
Repairs	24,000/-	16,000/-
Interest on loan Borrowed for construction (Loan taken on 1/4/2009)	80,000/-	56,000/-

Other Information:

Rent received from sub-letting tenancy premises

Rs. 1,80,000/-

Dividend from Bunty Ltd. an Indian company

Rs. 10,000/-

Interest received on Public provident fund

Rs. 14,000/-

Mediclaime Insurance paid by cheque for his minor son

Rs. 17,000/-

Compute his taxable income for the assessment year 2017-18.

OR

- Q3** A) Mr. Ajay purchased a house property for Rs. 15,00,000 on 5th October, 1972. He constructed a [08]
first floor during the financial year 1986-87 for Rs. 5,50,000/-. He made further improvement in
the financial year 1992-93 for Rs. 8,00,000/-. He constructed 2nd floor during the financial year
2003-04 for Rs. 12,00,000/-. He sold the property on 1st February, 2017 for Rs. 3,00,00,000/-.
He paid brokerage of Rs. 50,000/- for the sale transaction. Fair market value of property as on
1st April, 1981 was Rs. 16,00,000/-. Compute his capital gain for the Assessment year 2017-18.
Relevant cost inflation indices are as follows:

1981-82 : 100 , 1986-87 : 140, 1992-93 : 223, 2003-04 : 463, 2016-17 : 1125

Q.P. Code: 23394**B) Determine the legal status of the following.****[07]**

1. Mayur private Ltd.
2. Mr. Mohan, A professor at Pune University
3. Jim and Jerry sena
4. A Joint Hindu family consisting of Mr. Jaikant, his wife and son.
5. Village Graham Panchayat
6. M/S Sanjay and Associates (A partnership of two person)
7. Pune University

Q4 A) Determine the taxability of the following incomes of Mr. Ram, assuming that he is**[15]**

- 1) Resident and ordinarily resident
- 2) Resident but not ordinarily resident,
- 3) Non-resident

Particulars	Rs.
Profits from a business in Delhi	45,000
Past untaxed profits brought to India	150,000
Interest on debentures in an Indian company received in London	36,000
Profits from a business in Bombay managed from London	78,000
Pension for services rendered in India but received in Burma.	12,000
Interest on UK Development Bonds, 50% of interest received in India	30,000
Profits on sales of shares of an Indian company received in London	60,000
Dividend from British company received in London	15,000
Profits on sale of land at Germany.	120,000
Income earned from business in Germany which is controlled from India(Rs,40,000 received in India)	210,000

OR

Q4 A) Mr. Kumar is a USA citizens. He has been visiting India since 2006, He came to India on 1st November 2016 and He was there in India till 31st March, 2017. His stay in India during earlier previous year was as under.

[15]

Year	No. stay
2006-2007	188
2007-2008	190
2008-2009	185
2009-2010	200
2010-2011	40
2011-2012	300
2012-2013	195
2013-2014	185
2014-2015	100
2015-2016	200

Find out his Residential status for the Assessment year 2016-17.

Q.P. Code: 23394

Q5

Short Notes (Answer any 3)**[15]**

- a. Resident and Ordinary Resident
- b. Perquisites
- c. Income from Other sources
- d. Net Annual Value (NAV)
- e. List of expenses Disallowed under the head Income from Business.

All the best