

Time: 2 ½ Hours

Max.Marks: 75

- N.B. 1) All questions are compulsory
2) Figures to the right indicate full marks
3) Use of simple calculator is allowed

Q.1 A Fill in the Blanks (any 8)

(08)

- 1 Income which accrue outside India from a business controlled from India is taxable in case of _____
a) Resident and Ordinary Resident only
b) Resident but not Ordinary Resident only
d) Both (a) & (b)
- 2 Winning from lotteries is taxable under income from _____
a) Salaries b) Other sources C) Business and Profession
- 3 Dividend received from Indian company is _____ under Income Tax Act 1961.
a) Exempt b) Partly Taxable c) Fully taxable
- 4 Standard deduction on House Property is _____ % of Net Annual Value.
a) 25% b) 30% c) 45%
- 5 Directors fees received will be chargeable to tax under the head Income from _____.
a) Salaries b) business & profession c) other sources
- 6 Rent free furnished Accommodation is Provided by employer to employee is _____.
a) salary b) Allowance c) Perquisites
- 7 Gift received by doctor from his patients Rs. 70,000 shall be _____.
a) Fully exempt b) fully taxable c) exempt upto Rs. 60,000
- 8 The deduction in respect of Medical Insurance Premium paid by the assessee is allowed under section _____ of Income Tax Act. 1961
a) 80(C) b) 80(D) c) 80(E)
- 9 _____ is Rent fetched by the similar house in the same locality where house property is situated.
a) Fair Rent c) Standard Rent d) Actual Rent
- 10 There are _____ heads of Income under Income Tax Act 1961.
a) One b) Two c) Five

Q.1 B State whether the following statements are True or false (any 7)

(7)

- 1 An Indian company is always a resident company.
- 2 Municipal tax paid by the owner is allowed as deduction for Let Out property
- 3 Medical Insurance premium paid by the employer for employee is not taxable
- 4 Dividend received from Indian company is taxable under income from other sources
- 5 Deduction for permanent physical disability of Assessee is allowed under section 80(DD) of Income Tax Act.
- 6 Uncommuted pension received by the government employee is fully taxable
- 7 Profit on sale of import license is taxed under Income from Business and profession
- 8 An Indian company whose control and management is wholly outside India is taxable as non resident.
- 9 The maximum deduction that can be claimed under section 80(C) is Rs. 1,20,000
- 10 CII stand for Cost of Improvement Index

- Q.2 Mr. Bipin is an employee of Godrej Ltd. He retired on 31st March 2018 after 13 years and 3 months of his service. He furnishes the following Information for the year ended 31st March 2018 (15)

Particulars	Rs.
(a) Basic Salary	
01/04/2017 to 30/11/2017	24,000 pm.
01/12/2017 to 31/03/2018	30,000 pm.
(b) Dearness Allowance	
01/04/2017 to 30/11/2017	12,000 pm.
01/12/2017 to 31/03/2018	20,000 pm.
(c) Professional Tax	2,500 p.a.
(d) Bonus received	48,000
(e) Conveyance allowance received (Exempt u/s 10 @ Rs. 800 pm,)	2,000 pm.
f) Gratuity Received (he was covered under the Gratuity payment Act)	7,50,000
g) Entertainment Allowance	5,000pm.

Additional Information:

- 1) He contributed to Public Provident Fund Rs. 1,10,000
 - 2) He paid LIC premium for himself Rs. 40,000
 - 3) He paid Medical Insurance Premium by cheque of Rs. 25,000
- Compute his net taxable income for the Assessment Year 2018-19

OR

- Q.2 From the following details you are required to calculate the Taxable Income of Mr.X under the head Income from House Property for the A.Y. 2018-19. (15)

Mr X owned 2 houses. One was self-occupied & the other was let out at a monthly rent of Rs. 25,000 p.m. The Municipal Value of the let out house was Rs. 3,20,000. Fair Rent was Rs. 3,10,000, Municipal Tax is @ 10% but 50% of the municipal tax was paid by his tenant. He had taken a housing loan for the purpose of the construction of the let out property on 1-4-2012 for Rs. 4,50,000 @ 10% pa. the construction of the house was completed on 1-4-2014. The second house which was Self occupied which had a Municipal Value of Rs. 5,00,000, Fair Rent Rs. 5,10,000 and Standard Rent Rs. 5,00,000.

- Q.3 Following is the Trading & P/L A/c of Mr.X for the year (15)

Particulars	Rs.	Particulars	Rs.
To Office Salaries	30,000	By Gross Profit b/d	1,50,000
To Rent	20,000	By Interest on Fixed Deposit	3,000
To Interest on Capital to Mr X	6,000	By Interest on Bank	29,000
To Bad Debts Reserves	3,000	By Winning from Lotteries	17,000
To Bad Debts	1,000	By Refund of Income Tax	1,000
To Advertisement	19,000		
To Insurance Premium	2,400		
To Depreciation	11,000		
To Advance Tax	11,000		
To Embezzlement by employee	1,000		
To Commission	1,400		
To Repairs	6,600		
To Office Expenses	18,000		
To Net profit c/d	69,600		
	2,00,000		2,00,000

Additional Information:

1. Office Salaries include Rs.4,000 paid as salary to the proprietor
2. Depreciation allowable as per tax rules Rs. 10,000.
3. Advertisements includes an advertisement for Political Party of Rs. 4,000.
4. Office expenses includes a sum of Rs. 2,000 as Bribe Paid.
5. Repairs to the extent of 30% are Personal in nature.

Calculate his Net Taxable Income for the A.Y. 2018-19

OR

Q.3

Mr. M is a lawyer, he solves the cases of his clients, he furnishes you with the Following information for the year ended 31/3/2018. (15)

Receipts	Rs.	Payments	Rs.
Fees received	12,00,000	Salaries	2,50,000
Dividend from Indian company	50,000	Conveyance	50,000
Winning from Lotteries	1,00,000	Stationery and printing	10,000
Interest Accrued on NSC	50,000	Rent	1,40,000
		Entertainment Expenses	50,000
		Electricity	40,000
		Advance Income Tax	20,000
		Telephone charges	30,000
		Donations	10,000
		staff Welfare Expenses	20,000
		Car purchased (1-6-2017)	2,80,000
		Balance c/d	5,00,000
	14,00,000		14,00,000

Additional Information:

1. Depreciation allowable as per Income tax on car @ 10%
2. Half of the rent is attributable towards proprietor's residential flat
3. Salaries include Rs. 60,000 paid to proprietor
4. ½ of the car is used or personal purpose

Compute total taxable Income from Business or profession for assessment year 2018-19.

Q.4 A) Professor Bhatt a UK citizen (not a person of India Origin) is a visiting faculty at Mumbai University, he provides you the details of his visit to India during the last 7 years. (08)

Previous Year	No. of Days stay in India
2017-18	179
2016-17	195
2015-16	15
2014-15	130
2013-14	190
2012-13	100
2013-14	125

Prior to 01/04/2013 he did not visit India. Find out his Residential status for the Assessment year 2018-19.

- B) Determine the scope of total income from the following incomes of Mr. R. Assuming that he is 1) R&OR 2) R&NOR 3) NR (07)

Particulars	Rs.
1) Interest earned in Canton but received in Jaipur	1,20,000
2) Agricultural income received from Rajasthan	1,00,000
3) Dividend received from Tata Motors	12,500
4) Rent earned in Coimbatore	5,00,000
5) Income received in Sydney from the business controlled from Jaipur	2,00,000
6) Salary Earned & Received in Gangtok	8,00,000

OR

- Q4 P. Mr. Raj purchased a house property for Rs. 2,50,000 on 6th July 1997. (08)
 He made addition to the house property by constructing a first floor during the financial year 2005-2006 spending Rs. 2,00,000.
 He sold the entire property on 10th June 2017 for Rs. 90,00,000.
 He paid brokerage @ 1% on the sale value. The fair market value of the property on 1st April 2001 was Rs. 3,50,000.
 He purchased a new residential flat on 15th July 2017 for Rs. 25,00,000.
 The Cost Inflation Index:
 For financial year 2001-2002 is 100,
 For financial year 2005-2006 is 117 and
 For financial year 2017-2018 is 272.
 Compute the Capital gain of Mr. Raj chargeable to tax for Assessment Year 2018-19.

- Q. Determine the legal status from the following. (07)
- Reserve Bank of India
 - Mumbai University
 - A village Panchayat
 - LIC of India
 - Tata Motors Ltd.
 - Rohan (minor)
 - ABC co-operative society

- Q5. A. Explain any eight exempted incomes mentioned under section 10 of Income Tax Act. 1961 (08)
 B. What do you mean by allowances? Explain any six allowances with examples (07)

OR

- Q5. Write Short Notes on (any 3) (15)
- Pension
 - Short Term capital gains
 - Deduction under section 80(E)
 - Unrealised Rent
 - Expenses disallowed under business and profession.