

Time: 2:30 Hours

Marks:75

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

Q.1 (a) Rewrite the following sentences by selecting correct option. (any 8)

1. _____ is the rate at which interest is levied under section 234B.

- a) @ 1% p.m.
- b) @ 1.5% p.m.
- c) @ 1.25% p.m.
- d) @ 2% p.m.

2. The prescribed form of income Tax Return for company assessee is _____.

- a) ITR 1
- b) ITR 4
- c) ITR 5
- d) ITR 6

3. The Income Tax Return filed after the due date as specified in section 139(1) of the Income Tax Act, 1961 is called as _____.

- a) Late Return
- b) Revised Return
- c) Belated Return
- d) Delayed Return

4. In case of book loss the maximum allowable remuneration to working partner will be _____.

- a) Nil
- b) Rs. 1,50,000
- c) Rs. 3,00,000
- d) Rs. 10,00,000

5. For levy of surcharge, the taxable income of the partnership firm should exceed _____.

- a) Rs. 10 lakhs
- b) Rs. 50 lakhs
- c) Rs. 75 lakhs
- d) Rs. 100 lakhs

6. The rates of Income Tax are mentioned in _____.

- a) Income Tax Act, 1961
- b) The Annual Finance Acts.
- c) Both in the Income Tax Act, 1961 and the Annual Finance Acts
- d) None of the above

7. The rate of tax applicable to a domestic company for A.Y 2017-18 is _____.

- a) 30%
- b) 35%
- c) 25%
- d) 40%

8. The time limit for carry forward of long term capital losses for set off is _____.

- a) 4 years
- b) 5 years
- c) 6 years
- d) 8 years

9. Minor child includes _____.

- a) Step child
- b) Adopted child
- c) Both (a) and (b)
- d) None of these

10. The income of the minor child shall be clubbed in whose hands _____.

- a) Mother
- b) Father
- c) Either mother or father at the option of the child
- d) The parents whose total income is greater

(b) State whether the following statements are True or False : (any 7)

1. Clubbing provisions under section 64(1) (vi) are applicable where the asset is transferred by an individual without any adequate consideration to major son.
2. Company assesses are required to pay advance tax in three instalments.
3. The prescribed form of income Tax Return for an individual having business income is ITR 4.
4. Remuneration to Sleeping partner is allowed to be deducted from the book profit.
5. Winning from lotteries, crossword puzzles etc. are taxed at a special rate of 30%.
6. TDS under section 194 I is deducted @18%.
7. Advance tax is payable if tax liability is more than Rs.5,000.
8. Business loss includes speculation loss.
9. Partner's share in profit of the firm is exempt.
10. Unabsorbed losses from house property can not be carried forward.

Q. 2 From the following Profit and loss Account of Mr. Sameer Shikalgar, compute his total taxable income and tax for the Assessment year 2017-18. (15)

Profit and Loss Account for the year ended 31-3-2017

Particulars	Amount	Particulars	Amount
To Opening Stock	3,34,000	By Sales	10,40,000
To Purchases	9,00,000	By Closing Stock	3,05,000
To Office Salaries	71,000	By Income Tax Refund	
To Bad Debts	25,000	(Including Interest Rs. 2,000)	15,000
To Advertisement	10,500	By Dividend from U.T.I	50,000
To Fire Insurance Premium	4,500	By Lottery Prize Received	1,10,000

To Conveyance	6,000		
To Interest on Proprietor's Capital	25,000		
To General Expenses	55,000		
To Wealth Tax	5,000		
To Sales Tax Penalty	4,000		
To Depreciation	30,000		
To Net Profit	50,000		
	15,20,000		15,20,000

Additional Information:

- General Expenses include Advance Income Tax Rs. 10,000 and Rs. 500 for purchase of lottery tickets.
- Depreciation allowable as per Income Tax Rules Rs. 25,000.
- Purchase include Rs. 80,000 paid for cash purchase exceeding the limited of Rs. 20,000 prescribed under section 40 A(3) of Income Tax Act, 1961.
- Office salaries include Bonus due but not paid Rs. 16,500.
- Mr. Sameer who is physically handicapped person with 60% disability paid premium for LIC Pension Policy Rs. 15,000.

OR

Q. 2 Mrs. Gayatri Soman owns tow houses in Mumbai. The particulars of her Income from properties for the year ended 31st March, 2017 is as follows: (15)

Particulars	House Property I	House Property II
Nature	Self occupied	Let out
Faire Rent	Rs. 4,00,000	Rs. 6,00,000
Municipal Valuation	Rs. 4,20,000	Rs. 6,10,000
Rent Received	NIL	Rs. 6,50,000
Municipal taxes paid	Rs. 30,000	Rs. 40,000
Fire Insurance Premium	Rs. 8,000	Rs. 10,000
Rent collection charges	-	Rs. 8,000
Land revenue	Rs. 2,000	Rs. 3,000
Interest paid on loan taken for construction of house	1,60,000	Rs. 1,50,000
Date on which loan taken	26-11-2012	22-10-2011
Repayment of Principal amount of laon	Rs. 30,000	NIL

Additional information:

- Dividend from Mafatlal Industries Rs. 10,000.
- Interest on Fixed Deposits with Bank of India Rs. 20,000.
- Mrs. Gayatri paid Medical Insurance Premium of Rs. 18,000 for self by cheque.

Compute her Net Taxable Income and Tax for the Assessment Year 2017-18.

Q. 3 P and S are two partners of P&S Co. (a firm of Cost Accountants). The Income and Expenditure Account of P&S Co. for the year ended 31-3-2017 is as follows: (15)

Expenditure	Amount	Income	Amount
Office Expenses	2,59,000	Receipts from Clients	10,57,000
Salary to employees	80,000	Interest recovered from P and S on drawings	3,000
Income Tax	41,000		
Salary to P	2,52,000		
Salary to S	2,76,000		
Interest on Capital P @14% p.a.	14,000		

Interest on Capital S @ 14% p.a.	21,000		
Net Profit (Share by R and S equally)	1,17,000		
	10,60,000		10,60,000

Other information:

1. Out of Office expenses Rs. 19,000 is not deductible by virtue of sections 30 to 37.
2. During the year the firm sells a capital asset for Rs. 8,10,000 (Indexed Cost of Acquisition being Rs. 1,88,865).
3. Personal income and investments of partners are as follows:

Particulars	P (Rs.)	S (Rs.)
Interest from Government Securities	5,70,000	5,23,000
Fixed Deposit Interest	2,00,000	1,08,000
Deposit in PPF	1,00,000	85,000
Mediclin Insurance Premium	12,000	11,000

Find out the net income and tax liability of the firm as well as the partners for the A.Y. 2017-18

OR

Q.3 A, B and C are partners of M/s ABC & Company sharing profit in the ratio 2:2:1 in a firm (Partnership Firm Assessed As Such) whose particulars of income for the previous year ending on 31st March, 2017 are given below: (15)

1. Rent from House Property Rs. 25,000
2. Interest on listed securities Rs. 18,000
3. Income from legal profession Rs. 2,52,500
4. Long Term Capital Gain Rs. 30,000

Income from legal profession is before making the deduction for salary payable to A, B and C at Rs. 90,000 p.a. each as per firm's deed. Mr. A also has income from T.V Programme on Legal advice amounting to Rs. 1,24,000, but other partners have no other income. Mr A deposited Rs. 24,000 in PPF during Financial Year.

Compute the total income of the firm, total income of Mr. A and tax payable by firm and Mr. A for the Assessment Year 2017-18.

Q. 4 (a) A firm made the following payments of advance tax during the previous year 2016-17: (8)

- 15th September, 2016 Rs. 7,00,000
- 15th December, 2016 Rs. 7,75,000
- 15th March, 2017 Rs. 13,00,000

The return of income is filed on 31-7-2017 showing:

- Business Income Rs. 80,00,000
 - Long Term Capital Gain Taxable@20% (as on 1-12-2016) Rs. 20,00,000
- Compute Interest Payable u/s 234C.

(b) Compute amount of tax to be deducted at source on the following payments made by M/s AB Ltd. during the financial year 2016-17 as per the provisions of the Income Tax Act. 1961. (7)

Date	Nature of Payment
1-10-2016	Payment of Rs. 2,50,000 to Mr. Avinash a transporter who is having PAN
1-11-2016	Payment of fee for technical services of Rs. 48,000 to Mr. Vijay who is having PAN

30-11-2016	Payment of Rs. 27,000 to M/s Q for repair of building
1-1-2017	Payment of Rs. 2,00,000 made to Mr. A for purchase of diaries made according to specifications of M/s AB Ltd. However no material was supplied for such diaries to Mr. A by M/s AB Ltd.
1-2-2017	Payment of commission of Rs. 7,000 to Mr. S

OR

(a) Mr. Sonar furnishes the following details for the year ended 31-3-2017: (8)

Particulars	Amount
Short Term Capital Gain	1,40,000
Loss from Speculative Business	60,000
Long Term Capital Gain on Sale of land	30,000
Long Term Capital Loss on Sale of Shares (SST not paid)	1,00,000
Income from Business of Textile (After deducting current year Depreciation)	50,000
Income from Salary	1,00,000
Loss from House Property	40,000

Following are the brought forward losses:

Brought forward loss from Business of textile Rs. 60,000- Loss pertain to A.Y. 2009-2010.

Compute gross total income of Mr. Sonar for the Assessment Year 2017-18. Also state the eligible carry forward losses for the Assessment Year 2017-18.

(b) Mr. Mahesh is the Karta of an HUF, whose members derive income as given below: (7)

1. Income from profession of Mr. Mahesh Rs. 80,000
2. Mrs. Mahesh salary as fashion designer Rs. 40,000
3. Minor son Sanjay (Interest on fixed deposits with a bank which were gifted to him by his uncle) Rs. 1,50,000
4. Minor daughter Meena's earning from sports Rs. 60,000

Compute the total income of Mr. Mahesh and Mrs. Mahesh for the Assessment Year 2017-18.

Q. 5 (a) Explain the provisions in respect of the instalments of Advance Tax. (8)

(b) Explain "Compulsory Filing of Return of Income: (7)

OR

Q.5 Short Note : (Any three) (15)

1. Return of Loss.
2. Minor Income.
3. Remuneration to Partners.
4. Interest u/s 234A.
5. Tax Deducted at Source(TDS).
