

[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. Figures to the right indicate full marks.
4. Workings should form a part of your answer.
5. Use of simple calculator is allowed.

Q1A. Match the following columns: (answer any 8)

[08]

Column A	Column B
a) Provision for Bad Debts	1. Exempt u/s 10(17)
b) Foreign income	2. Non—agriculture income
c) Training received by Employees	3. Not allowed as deduction from 'Profit & Gains from Business or Profession'
d) Mediciam Insurance premium paid by an individual	4. 50% of income allowed as deduction u/s 57(iv)
e) Allowances received by Member of Parliament	5. Cost inflation Index
f) Interest earned on deposits in 'Sukanya Samriddhi Account'	6. Not taxable for Non-Residents
g) Interest received on compensation for compulsory acquisition of land	7. Deduction u/s 80 D
h) Personal car	8. Exempt u/s 10(11A)
i) CII	9. Non- taxable perquisites
j) Manufacturing salt from sea water	10. Not a capital asset

Q1B. State whether the following statements are True or False: [Answer any 7]

[07]

1. Bad Debts allowed as deduction in the earlier years shall be taxed when subsequently received.
2. The interest taken on new loan taken to pay off old loan is allowed as deduction u/s 24(b).
3. Bonus is taxable in the year of receipt and not in the year of declaration.
4. The Finance Act is a substitute to Income tax Act.
5. Residential status of a person is influenced his citizenship.
6. Amount actually spent on entertainment is to be allowed as deduction u/s 16(ii).
7. Disaster compensation is exempted u/s 10(10BC) to an individual and HUF.
8. A person is deemed to be of Indian origin if his grandfather was born in Pakistan.
9. Transfer excludes compulsory acquisition under law.
10. Commuted pension is taxable in hands of all individual assesses.

Q2. Mr. Kumar, working as an executive in a private firm. The following are the particulars of his income for the year ended 31st March, 2018. [15]

Particulars	Rs.
a. Basic salary (net of TDS and profession tax)	
01-04-2017 to 31-12-2017	10,000 p.m.
01-01-2018 to 31-03-2018	15,000 p.m.
b. Tax deducted at Source	
01-04-2017 to 31-12-2017	500 p.m.
01-01-2018 to 31-03-2018	1,000 p.m.
c. Profession tax	2,500 p.a.
d. Dearness allowance	40% of Gross Basic salary
e. Bonus received in November, 2017	20,000
f. Entertainment allowance	2,000 p.m.
g. Amount spent on entertainment	1,000 p.m.
h. Loan received from employer for son's marriage	25,000
i. Conveyance allowance received	3,000 p.m.
j. Conveyance allowance spent	1,600 p.m.
k. LIC premium on life of Mr. Kumar paid by company	6,000
l. Interest on education loan paid by cheque by Mr. Kumar	15,000

He also paid Rs.12,000 to ICICI Prudential to keep in force an annuity plan policy qualifying for 80 CCC. Compute the Net taxable salary of Mr. Kumar for Assessment Year 2018-19.

OR

Q2. Mr. Shrikumar constructed his house on a plot of land acquired by him in Kolkata. [15]

The house has two floors of equal size. He started construction of the house on 1st April, 2016 and completed construction on 30th June 2017. He occupied the ground floor from 1st July 2017 and let out the first floor at a rent of Rs.20,000 per month on the same date. However, the tenant vacated the 1st floor on 31st January 2018 and Mr. Shrikumar occupied the entire house from 01st February 2018 to 31st March, 2018.

Other information:

Particulars	Rs.
Fair rent of each floor	120,000 per annum
Municipal value per floor	80,000 per annum
Municipal tax paid	10,000
Repair expenditure	5,000

Mr. Shrikumar obtained a housing loan of Rs.15,00,000 at an interest of 10% per annum on 1st July, 2016. He has not paid back any amount of the loan till 31st March, 2018. Compute the income from house property in the hands of Mr. Shrikumar for the Assessment Year 2018-19.

Q3. From the following Profit and Loss account of Mr. Jaguar for the year ending 31st March, 2018 compute his business income: **[15]**

Particulars	Rs.	Particulars	Rs.
To Office Salary	30,000	By Gross profits	260,000
To General Expenses	17,000	By Interest on bank Deposits	8,200
To Interest on Capital of Mr. Jaguar	6,000	By Interest on Company deposits	15,200
To Bad Debt Reserve	10,000	By Refund of Income tax for A.Y.2013-14	2,000
To Depreciation	30,000		
To Advertisement	18,000		
To Fire Insurance Premium	2,400		
To Donation	10,000		
To Advance Income Tax	8,000		
To Sales Tax Paid	10,000		
To Income – tax for 2014-15	6,000		
To Net Profit	138,000		
	285,400		285,400

Following additional information are given:

1. Allowable depreciation **Rs.20,000**.
2. General expenses include furniture purchased for **Rs.5,000**.
3. Office salary includes salary paid to Mrs. Jaguar- **Rs.6,000**. Mrs. Jaguar, M. Com writes the accounts of the business.
4. Advertisement includes **Rs.4,000/-** paid for advertisement in souvenir of a political party.

OR

Q3. From the following information of Mr. Jay for the previous year 2017-18, compute the Gross Total Income for the Assessment Year 2018-19, as if he is a – **[15]**

- a. Resident and ordinarily resident
- b. Resident and not ordinarily resident
- c. Non-resident

Particulars	Rs.
1. Income from profession in Srilanka, received in Bhutan (profession set up in Srilanka)	60,000
2. Income from business in Dubai controlled from London	25,000
3. Rent from House in UK received in Spain	30,000
4. Income from agricultural land in Japan received in India	45,000
5. Dividend from German company received in London	40,000
6. Royalty from a company in Indonesia, received in Russia	50,000
7. Interest credited by HSBC bank, New York branch	55,000
8. Amount brought to India out of past untaxed profit earned in New Zealand	35,000
9. Salary earned received in Saudi Arabia	100,000
10. Dividend from Indian company received abroad	25,000

Q4. Mr. Raju acquired residential house property on 1-3-1992 for Rs. 200,000/-. Additional information pertaining to the property is as follows:

[15]

1. Fair Market value as on 1-4-2001 was Rs.240,000.
2. Cost of Improvement made by him

Financial year	Rs.
1994-95	50,000
2006-07	120,000
2015-16	400,000
2016-17	380,000

He sold the residential property on 25-01-2018 for Rs.180,00,000/-.

He acquired a new residential house for Rs.73,00,000 on 19.03.2018.

Expenses on transfer amounted to Rs. 75,000/-

Compute the amount of taxable Capital gains for the Assessment year 2018-19.

[Cost Inflation index: F.Y. 2001-02:100; 2006-07:122; 2015-16:254; 2016-17: 264; 2017-18:272]

OR-

Q4. From the following particulars of Mr. Jaish for the previous year ended 31st March 2018 compute the income chargeable under the head 'Income from Other Sources':

[15]

Particulars	Rs.
Directors Fees from a company	10,000
Interest on bank deposits	3,000
Income from undisclosed sources	12,000
Winning from lotteries (net of TDS @ 30%)	35,000
Royalty on books written by him	9,000
Lectures in Seminars	5,000
Interest on loan given to a relative	7,000
Interest on debentures of listed company (net of TDS@10%)	3,600
Interest on post office savings bank scheme	500
Interest on Government Securities	2,200
Interest on Monthly income schemes	33,000

He paid Rs. 1,000 for typing the manuscript of his book.

Q5. a. Enumerate any eight expenses not allowed as deduction under head “Income from Business or Profession”. [08]

b. Explain “transfer” of capital asset as per Section 2(47) of the Income tax Act. [07]

OR

Q5. Short Notes (Answer any 3) [15]

- Person u/s 2(31)
- Deduction under section 80 C
- Agricultural Income
- Annual value of House property
- Income u/s 2(24)