

[Time: 2.30 Hours]

[ Marks:75]

Please check whether you have got the right question paper.

- N.B:
1. All questions are compulsory
  2. All questions carry 15 marks.
  3. Figures to the right indicate full marks.
  4. Use simple calculator.
  5. Working should form part of answer.

**Q.1 (A) Fill in the blanks. (Any Eight out of Ten) Re write the sentence (08)**

1. Income of minor child is clubbed in \_\_\_\_ (Either of Parent who have higher income, Mother)
2. Business losses can be set-off against \_\_\_\_ income. (Salary, Business)
3. Short term loss can be set-off against \_\_\_\_ income. (Short Term Gain, Other Source)
4. Income of senior citizen is exempt up to \_\_\_\_\_. (Rs. 300,000; Rs. 250,000 )
5. Interest on partners' capital is allowed up to \_\_\_\_\_. p.a. (12%, 20%)
6. Filing of Return is not compulsory to a \_\_\_\_\_. (Company, HUF)
7. Deduction of tax at the point of generation of income is \_\_\_\_\_. (TDS, Sales)
8. Advance Tax is not applicable to a person who is age of \_\_\_\_\_ and not having any income Taxable under the head Business & Profession. (Below 60 year, above 60 year)
9. Tax evasion means reducing tax liability by \_\_\_\_\_. (Dishonest means, Honest means)
10. Under section 234C interest is levied for \_\_\_\_\_. (Deferment of Tax, Late payment)

**(B) State whether following statements are true or false. (Any Seven out of Ten) (07)**

Re write the sentence

1. Income of minor child is exempt up to Rs 1,500p.a.
2. Speculative losses can be set off against speculative income.
3. Rebate u/s 87A is Rs. 2,000 or actual tax liability whichever is lower.
4. Agricultural income in India is not taxable.
5. Salary received by partners from partnership firm is taxable as business income.
6. Section 139(3) deals with return of losses.
7. Under section 194H TDS is deducted on commission/brokerage.
8. TDS on Profession fee is applicable under section 194J.
9. Tax evasion and tax avoidance is one and same.
10. Under section 234C interest is levied @ 3% p.a

**Q.2 (A)** Mr. Z furnishes the details of incomes earned by him in the financial year 2016-17:

Income from Salaries Rs 4, 00,000

Income From Other Source Rs 3, 00,000

Income from House Properties:

Gross Annual Value Rs 3, 00,000

Municipal Taxes Paid Rs 25,000

Interest on fund borrowed Rs 25,000

Long Term Capital Gain Rs. 1, 00,000

Income From Business Rs. 1, 50,000

Compute the tax liability for the assessment year 2017-18.

**(15)**

**OR**

**(B)** Mr. Ram a resident Indian has derived the following incomes for the previous year relevant to the Assessment Year 2017-18.

<u>Particulars</u> (Rs)	<u>Amount</u> ,
1. Income from Profession	2, 94,000
2. Share of Income from a partnership firm in Country X (Tax paid in Country X for this income in equivalent Indian Rupees ` 8,000)	40,000
3. Commission income from a Concern in Country Y (Tax paid in Country Y at 20%) Converted in Indian Rupees	30,000
4. Interest from Schedule Banks	1, 18,000

Mr. Ram wishes to know, whether he is eligible for any double taxation relief and if so, its quantum. India does not have any Double Taxation Avoidance Agreement with Countries X and Y.

**(15)**

**Q. 3 (A)** Given below is the Profit & Loss A/c of partnership firm for the financial year **2016-17**

Particulars	Amount	Particulars	Amount
To Purchase	11,35,000	By Sales	30,00,000
To General Expenses	7,35,000	By Interests on FD's	30,000
To Depreciation	2,20,000	(Net, TDS Rs 5,000)	
To Interests to partners	2,00,000		
To Salaries to partners	5,50,000		
To Net profit	1,90,000		
	30,30,000		30,30,000

Other information:

1. Depreciation allowable as per Section 32 is Rs 1,70,000.
2. Purchase includes a bill from a supplier for Rs 40,000 which was paid in cash.
3. The firm has 3 partners X, Y and Z. They share profits in ratio 2: 1 : 1. Z is sleeping partner.
4. Interest is paid to partners @ 20% p.a. and authorized by partnership deed.
5. Salaries, authorized by partnership deed are paid to all partners equally.

You are require to compute tax liability of the firm for the assessment year 2017-18.

**(15)**

**OR**



**(B)** L, M and N are the partners of M/s LMN & Associates sharing profits and losses in the ratio of 2:2:1

Particulars of its income for the previous year ending on 31<sup>st</sup> March 2017 are as follows:

1. Rent from House Property	Rs 50,000
2. Interest on listed securities (net)	Rs 10,000
3. Income from legal profession	Rs 3,00,000
4. Long term capital gain	Rs 1,00,000

Income from legal profession is before making the deduction for salary payable to partners Rs 90,000 p.a. each as per partnership firm deed. L also has income from a T.V. programme on legal advice Rs 2,00,000 but other partners have no other income. X deposited Rs 20,000 in PPF during the financial year.

Compute total income and tax liability of firm and P for the assessment year 2017-18. **(15)**

**Q. 4 (A)** Mr. Z furnishes the following information for the year ended 31<sup>st</sup> March 2017:

Loss from Business	(Rs 1, 50,000)
Loss from House Properties	(Rs 50,000)
Lottery Winning – Gross	Rs 5, 00,000
Speculative Business Income	Rs 2, 00,000
Income from Salary	Rs 6, 00,000
Long Term Capital Gain	Rs 2, 50,000

Compute total income of Mr. Z considering Section 70 to 74. **(08)**

**(B)** JK Ltd has income given below:

Income from Business	Rs 7, 00,000
Income from House Property	Rs 3, 00,000
Income from Other Sources	Rs 2, 00,000
Estimated TDS	Rs 3, 00,000

You are required to compute tax liability and installment of advance tax for the AY 2017-18 **(07)**

**OR**

**(C)** Determine on which of the following payments Tax is to be deducted at source. **(10)**

Sr.No	Payer	Payee	Nature of Payment	Amount
1	Manju & Co (Partnership Firm)	Manju – a partner	Interest on Capital	50,000
2	Indian Post Office	Mr. Manav	Interest on Senior Citizen Scheme	20,000
3	Indian Income Tax Department	Mr. Rajesh	Interest on refund	15,000
4	Shree Karuna Sweets (A HUF) (Audit U/s 44AB was mandatory)	M/s QR & Co ( A Partnership Firm)	Audit Fees	60,000
5	Mumbai University	Mr. Mahendra	Contract charges	55,000
6	Bank of Baroda	Mr. Ramsingh	Rent for ATM	3,60,000
7	Goradia Ltd	Mr. Kamlesh	Salary	3,50,000
8	Life Insurance of India	Mr. Ganesh	Commission	22,000

(D) XYZ Ltd has estimated its tax payable to be Rs 1, 50,000 and the company has paid advance tax as follows:

Up to 15 <sup>th</sup> June 2016	Rs. 22,500
Up to 15 <sup>th</sup> September 2016	Rs. 67,500
Up to 15 <sup>th</sup> December 2016	Rs. 1, 12,500
Up to 15 <sup>th</sup> March 2017	Rs. 1, 50,000

However, the company has computed its tax payable to be Rs 2, 00,000 at the time of filing of return of income. Compute interest payable by the company under section 234C.

(05)

Q. 5 (A) Distinguish Between Tax Avoidance and Tax Evasion.

(08)

(B) Meaning and objectives of tax planning.

(07)

OR

Write short notes (Any 3 out of 5)

(15)

1. Clubbing of Minor's income
2. Clubbing of Spouse's income
3. Person exempt from filing of return
4. Due dates of filing of return
5. Write note on Bilateral Relief

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