

TY BAF
V sem.
Taxation

Q.P. Code : 11357

(3 Hours)

[Total Marks : 75

- N.B. : (1) All questions are compulsory with internal options.
(2) Each question carries 15 marks.
(3) Working notes forms part of answer.
(4) Use of simple calculator is allowed.

1. (A) Match the column (any eight) :-

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Column I	Column II
(a) Unrealised rent received during the previous year	• Income from House Property
(b) Reasonable letting value	• Deductible on payment or due basis
(c) Arrears of Rent	• Not allowed as business expenses
(d) Net Annual Value	• Allowed to Govt. Employee. only upto Rs. 5000.
(e) Gross Annual Value	• Fully Exempted to govt. Employee.
(f) Rent from subletting House Property	• Higher of Fair Rent and Municipal Valuation, where standard rent is not applicable
(g) Interest on capital borrowed	• No standard deduction allowed
(h) Provision for Bad Debts	• Standard deduction of 30% of amount received is allowed.
(i) Deduction of Entertainment Allowance	• Full Amount paid is allowed
(j) Deduction of professional Tax paid	• Gross Annual Value less Municipal Taxes
	• Income from Other sources
	• Deductible as expenditure when paid

1. (B) State whether the following are true/false (any seven) :-

7

- If Y. Ltd., is an Indian company whose entire control and management of its affairs is situated outside India then it shall be : Non-resident in India.
- Income which accrue or arise outside India and also received outside India is taxable in case of Ordinary Resident only.
- Residential status is to be determined for Accounting year.
- Deduction in respect of salary are covered U/s 24.
- Payment received by a college lecturer from University for setting question papers is Income from Salary.

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- (f) University of Mumbai is an artificial Juridical person.
 (g) Advance against salary is taxable but advance of salary is not taxable.
 (h) Municipal tax paid by owner is allowed as deduction for deemed to be let out property.
 (i) Wealth Tax paid before due date is allowed as deduction in case of Income from business.
 (j) Deduction U/s 80 CCC is allowed only for individual.

2. Shri Daya a (65 year old) is practicing Chartered accountant in Mumbai. For the year ended 31st March 2014.

His receipts and payment were as under :

Receipts	Rs.	Payments	Rs.
To Bal b/d	1,20,000	By Salaries to assistant	36,000
To Fees received form client	1,50,000	By Rent and electricity of office	18,970
To Interest on FDR with Public ltd co.5,000		By Telephone charges	3,600
To Interest on FDR with Nationalized bank	15,000	By Printing and Stationery	1,200
To An award from the institute of chartered accountant of India, New Delhi for the best article in magazine.10,000		By Car hire and taxi fare etc.	3,000
		By Medical Insurance Premium paid	15,550
		By Interest accrued on PPF Deposits	10,000
		By PPF deposits	70,000
		By Income tax	5,000
		By Gifts, presents, charity etc.	1,000
		By Mediclaim Insurance paid	20,000
		By LIC premium	15,000
		By Bal c/d	1,00,680
Total	300000	Total	300000

Additional information:

20% of telephone charges and car hire and taxi fares etc. is for personal use.

Salary includes Rs. 10,000 paid to his son for working as a clerk, which is reasonable amount.

Compute his taxable income for the assessment year 2014-15.

OR

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2. Kiran, a dealer in shares and debentures gives you his following Profit and Loss Account 15
for the year ended 31st March 2014. Complete his **Net Taxable Income**.

Profit and Loss Account for the year ended 31st March 2014

	Rs.		Rs.
To Opening Stock of shares	1,35,000	By Sales of Shares	9,75,000
To Purchases of shares	8,10,000	By Sales of Bonds and Debentures	8,30,00
To Purchases of Bonds and Debentures	6,05,000	By dividend on shares held for trading	12,000
To Salaries to Staff	68,500	By dividend on shares held for investment	7,600
To Membership Fees	4,750	By interest on bonds and debentures	5,350
To Advertisement charges	2,340	By interest on income tax refund.	1,230
To Income Tax Paid	5,000		
To Interest	2,100		
To Motor Car Expenses	5,800		
To Telephone Charges	7,460		
To Printing & Stationary	3,510		
To Conveyance	2,600		
To Entertainment Exp.	7,000		
To LIP on Policy for self and family	15,000		
To Net Profit	1,57,120		
	18,31,180		18,31,180

Other Information:

- 1/5th of motor car expenses are for personal purposes.
- Telephone charges include Rs. 1,600 for telephone at the house of Kiran. Half of these expenses are for personal purposes.
- Mr. Kiran had purchased one computer on 2nd October 2013, for Rs. 45,000 for doing research on trends on share prices. Depreciation @ 20% is allowable on computers.
- During the year, he had spent Rs. 15,000 for medical treatment of a dependent relative who was suffering from a permanent disability.
- Entertainment expenses include Rs. 4,700 spent for a party given by Kiran to his friends on his birthday.
- During the year Kiran has received the following gifts:
 - Rs. 60,000 from his brother staying in USA
 - Rs. 15,000 from a friend on his birthday.

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3. Mr. Zeeshan Mewawala gives you following information regarding house property owned by him, for previous year 2013-14. Compute his total taxable income.

Particulars	House 1 (self Occupied)	House 2 (deemed to be Letout)
Fair Rent (per month)	10,000	8,000
Municipal Valuation (per month)	15,000	10,000
Municipal Taxes Paid	12,000	10,000
Municipal Taxes outstanding	6,000	NE.
Repairs	12,000	8,000
Interest on borrowed capital (loan taken on 1/4/2009)	40,000	28,000

Other information :

- Rent received from sub-letting tenancy premises Rs. 90,000.
- Rent paid to landlord on above tenancy premises Rs. 12,000.
- Mediclaim Insurance paid by Cheque for his minor son Rs. 17,000.
- Interest on PPF Rs. 15,000

Compute his Net Taxable Income for the A.Y. 2014-15.

OR

3. Mr. Nana a severally handicapped person took voluntary retirement on 1st Jan., 2014 after completing 25 years of service in a Government Company. He furnishes the following information of income received for the year ended 31st March, 2014.

Basic Salary	Rs. 20,000 p.m.
Dearness Allowance	@ 80% of Basic Salary
Conveyance Allowance Received	Rs. 800/- P.M.
(Actual Conveyance Expenses Rs. 800/- p.m.)	
Voluntary Retirement Compensation (Exempted Rs. 5 lakhs)	Rs. 7,65,000
Profession Tax Paid	Rs. 2,500/-
Gratuity Received	Rs. 1,78,600/-
Commuted Pension	Rs. 84,000/-
Uncommuted Pension	Rs. 3,000 p.m.
Leave Encashment	2 Months Basic
Reimbursement of Medical Expenses	Rs. 22,000
Interest on NSC	RS. 10,000
Dividend from National Co-operative Society.	Rs. 15,000

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- 4 (A) Mr. Kamesh who is an Indian citizen and a professional cricketer, touched various countries on various dates. The details of departure from and arrival in India are as under: 8

Country	Date of Departure	Date of Arrival
West Indies (for the first time)	01/03/2012	25/03/2012
Zimbabwe	15/04/2013	01/05/2013
South Africa	05/05/2013	11/07/2013
Australia	31/08/2013	14/09/2013
UK	01/01/2014	23/03/2014

Determine his **residential status** for the Assessment year 2014-15. Give your working and explanation.

- (B) From the following particulars of Mr. Nagraj compute his **Gross total income** for the A.Y. 2014-15. If he is a) Resident or b) Not ordinarily resident 7
- Income from business from Raichur Rs. 50,000
 - Profit from business in U.K. controlled from India Rs. 60,000.
 - Income from house property in Japan not received in India Rs. 30,000
 - Income from business in India but received in Pakistan Rs. 50,000
 - Profit from business in Sri Lanka controlled from India (1/3 profit received in India) Rs. 30,000
 - Agricultural income earned in Nepal Rs. 25,000.

OR

- 4 Following is the information of Mr. Jayant for the Assessment year 2014-15. 15
- Annual salary of Rs. 5,54,000/-
 - Winning from lottery Rs. 1,00,000/- (gross) and net amount received Rs. 65,000/- after TDS of Rs. 35,000/-
 - During the previous year he made the payment by cheque to general Insurance Corporation for medical insurance as detailed below:

	Rs.
For Self	5,450
For wife	5,450
For minor school going children	5,700
For father who is a senior citizen	6,400
For mother who is working as bank manger	1,450
Total	24,450

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4. The employer deducted from his annual salary of Rs.54,000 the following
6
Profession Tax Rs.2,200
Provident fund Rs.4,500
Compute the **taxable income and tax liability** of Mr.Jayant for the assessment year 2014-15. 7
5. (A) Define and explain "Income" as per Income Tax-Act 1961 7
(B) Enumerate Eight items of Expenses which are expressly disallowed while computing Income from Profits and Gains of Business/Profession. 8
OR 15
5. write short notes on:-
(a) Deductions U/s 80 C
(b) Residential Status of a person other than an individual
(c) Gratuity.