

**Direct & Indirect Taxes (Sem-V)**

Note: (1) All questions are compulsory. (2) Figures to the right indicate Full marks.

- (1) (a) State whether the following statements are True or False as per the provisions of Income Tax Act, 1961 for assessment year 2015-16 (Any 8)
- (i) An association of persons consist of individuals only. ✓
  - (ii) Residential status depends only on citizenship. ✓
  - (iii) Income earned in India is not taxed in the hands of Non Resident Assessee. ✓
  - (iv) If the business is commenced on 1/9/2014, the first previous year will end on 31/08/2015 for the Assessment year 2015-16. ✓
  - (v) Family pension received by a widow of a deceased employee is income from other sources. ✓
  - (vi) Bonus of earlier year received during the current previous year is not an income from salary for that year. ✓
  - (vii) Advance against salary is not a part of Gross Salary. ✓
  - (viii) Dividend received from Indian Company is fully taxable. ✓
  - (ix) Gift received from mother is fully taxable. ✓
  - (x) Gratuity received by Govt. employee on retirement is fully taxable. ✓
- (b) Rewrite the sentences by selecting proper options (Any 7):
- (i) Income earned by minor on the investments made by this father is taxed in the hands of \_\_\_\_\_  
 ♦ a minor ♦ his father ♦ no person
  - (ii) Commission on sales received in addition to salary by a salesman is Income from \_\_\_\_\_  
 ♦ Business ♦ Salary ♦ Other Sources
  - (iii) Mediclaim premium paid by employer on the medical health policy of the employee is \_\_\_\_\_  
 ♦ Taxable perquisite ♦ Tax free perquisite ♦ Not a perquisite
  - (iv) If the residential property held for 35 months is sold, the resultant capita Gain will be \_\_\_\_\_  
 ♦ Long Term ♦ Short Term ♦ Medium Term
  - (v) Gift of Rs. 51,000 received from a friend is taxable to the extent of \_\_\_\_\_  
 ♦ Rs. 1,000 ♦ Rs. 51,000 ♦ Rs. 50,000
  - (vi) Rent received from open plot of land is \_\_\_\_\_  
 ♦ Income from House Property ♦ Income from Business ♦ Income from other sources.
  - (vii) The standard deduction on a family pension of Rs. 1,50,000 will be \_\_\_\_\_  
 ♦ Rs. 50,000 ♦ Rs. 15,000 ♦ Nil
  - (viii) If an assessee pays life insurance premium for Rs. 90,000 he is entitled to a deduction under section 80 C of \_\_\_\_\_  
 ♦ Rs. 90,000 ♦ Rs. 1,00,000 ♦ Nil
  - (ix) Mr. Anil is a person with a physical disability of 50%. He is entitled a deduction under section 80 U of \_\_\_\_\_  
 ♦ Rs. 50,000 ♦ Rs. 1,00,000 ♦ Nil
  - (x) Mr. Dinkar earns Saving Bank Interest of Rs. 90,000 during the previous year 2014-15. He is entitled to a deduction under section 80 TTA of \_\_\_\_\_  
 ♦ Rs. 90,000 ♦ Rs. 10,000 ♦ Nil

- (2) (a) Mr. Laxman Kumar gives you the following information for the year ended 31.3.2015

**Profit and Loss A/c for the year ended 31st March, 2015**

Expense	Rs.	Income	Rs.
To Salaries	43,000	By Gross Profit	2,50,000
▪ Rent of office	22,000	▪ Rent from subletting of house	10,000
▪ Loss by theft	2,000	▪ Amount received from LIC for matured Insurance Policy	25,000
▪ Discount	4,000	▪ Dividend from Cooperative Bank	25,000
▪ Premium on health of employee	7,000	▪ Interest on Saving Bank Account	13,000
▪ Bad debts written off	4,000	▪ Profit on Sale of Import Licence	20,000
▪ Gifts and Presents (to business associates)	11,000		
▪ Interest on Capital	3,000		
▪ Repairs to office Furniture	11,000		
▪ Sales tax penalty	2,000		
▪ Income Tax	5,000		
▪ Net Profit	2,29,000		
<b>Total</b>	<b>3,43,000</b>	<b>Total</b>	<b>3,43,000</b>

Mr. Laxman Kumar paid Rs. 8,000 towards College tuition fees for his children and invested Rs. 10,000 in term deposit for 5 years with Bank of India.

Compute total taxable income for assessment year 2015-16.

OR

- (2) (b) Mr. Rajan works as sales manager with M/s Esquire Traders. He gives you the following information for the year ended 31st March 2015.

- (i) Net Salary per month – Rs. 11,000.

Sum Income Rs. 11,000  
Net Salary



- (ii) Profession tax deducted at source Rs. 200 per month.  
 (iii) Entertainment Allowance Rs. 1,000 per month.  
 (iv) Received bonus for earlier year Rs. 10,000.  
 (v) Received arrears of salary (not taxed earlier) Rs. 12,000.  
 (vi) Employer paid medical premium of Mr. Rajan and his wife - Rs. 15,000.  
 (vii) He took advance salary of Rs. 20,000 for marriage of his son.  
 (viii) Mr. Rajan is also a director to Telex Ltd and received Rs. 12,000 as sitting fees.  
 (ix) He received Rs. 10,000 as share of profit from M/s Rina Distributors, a partnership firm where he is a partner.  
 (x) He spent Rs. 40,000 on medical treatment of his dependant handicapped brother (45% of disability) in cash and Rs. 15,000 on tuition fees of college for his son.
- Compute his total taxable income for assessment year 2015-16.

- 3) (a) Mr. Akhil is partially blind (72% disability). He gives you the following information for previous year 2014-15. (15)

Particulars	House 1 (Self Occupied ₹)	House 2 (Let out ₹)
(1) Fair Rent (per month)	35,000	25,000
(2) Rent Received (per month)	Nil	40,000
(3) Municipal Taxes		
(a) Actually paid	10,000	10,000
(b) Outstanding as on 31.03.2015	5,000	5,000
(4) Maintenance charges	9,000	9,000
(5) Interest of Housing Loan (Loan taken after 01.04.1999)		
(a) Paid during the year	40,000	46,000
(b) Outstanding as on 31.03.2015	8,000	Nil

**Other Information:**

Interest received from Saving Bank A/c ₹ 15,000.

Interest Accrued on Kisan Vikas Patra ₹ 5,000.

Winning from Lotteries (TDS ₹ 20,000) Net ₹ 30,000.

Dividend received from Bank of Baroda ₹ 8,000.

Compute the Taxable Income of Mr. Akhil for the Assessment Year 2015-16.

- 3) (b) Mr. Jayesh Kamik acquired residential property on 01.03.1972 for ₹ 2,00,000. Additional information pertaining to property was as follows: (15)

- (i) Fair market value as on 01.04.1981 was ₹ 2,40,000.  
 (ii) Cost of Improvement made by him.

Financial Year	₹
1974-75	50,000
1986-87	1,20,000
1995-96	4,00,000
2008-09	3,80,000

- (iii) He sold residential property on 25.01.2015 for ₹ 1,80,00,000.  
 (iv) He acquired new residential house for ₹ 58,00,000 on 19.03.2015.  
 (v) He also invested Rs. 15,00,000 in Rural Electrification Bonds on 20.03.2015.  
 (vi) Expenses on transfer amounted to ₹ 75,000.

Compute Taxable Long Term Capital Gain for Assessment Year 2015-16.

Relevant Cost Inflation Indices (CII) are as follows:

Financial Year	CII
1981-82	100
1986-87	140
1995-96	281
2008-09	582
2014-15	1024

- 4) (a) Mr. Yen citizen of USA provides you the details of his visit during last 7 years. (15)

Previous Year	Number of days stay in India
2008-09	130
2009-10	95
2010-11	198
2011-12	122
2012-13	25
2013-14	185
2014-15	180

Prior to 01.04.2008 he did not visit India. Find out his residential status for the Assessment year 2015-16.

OR

- 4) (b) From the following income of Mr. Suresh for the previous year 2014-15, Compute gross total income for the assessment year 2015-16 if he is: (15)
- (i) Resident and Ordinarily resident. (ii) Resident but not ordinarily resident. (iii) Non resident.

Income	Amt. (Rs.)
(i) Profits from business in Dubai managed from India	10,000
(ii) Royalty from India Company received in UK	20,000
(iii) Rent from house in UK received in Spain	30,000
(iv) Dividend from British company received in Mumbai	40,000
(v) Interest credited to Bank of India, Delhi Branch	50,000
(vi) Income earned in Brazil in the past but brought to India during the year.	60,000
(vii) Income accrued in Network and received in London	70,000
(viii) Income from agriculture in Srilanka received in India	80,000

- (5) (a) Discuss the provision of Income Tax Act, 1961 regarding Residential Status of an Individual. (8)  
 (b) Write any Seven items of Income Exempt from Tax under section 10 of Income Tax Act, 1961. (7)

OR

- (4) Write Short Notes (Any three) (15)  
 (i) Deductions Under Section 80C. (ii) Deemed to be Let out Property. (iii) Advance Salary and Advance Against Salary. (iv) Death-cum-retirement Gratuity. (v) Capital Asset.