

(REVISED COURSE)

(2½ Hours)

QP Code : 10684

[Total Marks : 75

- N.B. (1) All questions are compulsory.
(2) Figures to the right indicate maximum marks.
(3) Working should form part of the main answer.

1. (a) Fill in the blanks with most appropriate words (any eight) :—

- (i) Income tax extends to _____ of the India.
(ii) If an individual does not satisfy the basic conditions of Residential status, he/she will be treated as _____.
(iii) Foreign agriculture income is _____ in India.
(iv) The total of five heads of income given under section 14 is called as _____.
(v) Salary given to partner by a firm is taxable under the head _____.
(vi) Profession tax deduction is allowed on _____ basis.
(vii) Receipts from Statutory Provident Fund received by a non-government employee is _____.
(viii) Income from the transfer of a capital asset is called _____.
(ix) Share of income received by a member of HUF is _____ income.
(x) Deduction under section 80CCC is allowed to the extent of _____.

1. (b) State whether the following statements are True or False (any seven) :—

- (i) Income tax is a tax on tax.
(ii) Previous year is always of Twelve months.
(iii) An Indian company is non-resident in India.
(iv) Uncommuted pension received by government employee is exempt.
(v) In case of short term capital asset indexation is applicable.
(vi) Investment under section 80C need not be out of taxable income.
(vii) Municipal tax paid by owner is allowed as deduction from deemed to be let out property.
(viii) Interest on income tax refund is an income from other sources.
(ix) Income can be in cash or in kind.
(x) Any sum received under key-man insurance policy is taxable.

2. Ms Shobha, who is physically disabled to the extent of 50%, works as an Professor in a Private College. From the following particulars of Income provided for the previous year ended 31st March, 2016, you are required to compute the net taxable Income for Assessment year : 2016-17.

Sr No.	Particulars	₹
1	Basic Salary	7,50,000
2	Dearness Allowance	2,50,000
3	Transport Allowance (Exempt ₹ 19,200)	26,000
4	Re-imbursement of Medical Expenses	18,000
5	Allowance for Examination work at College	12,000
6	Advance Salary received	50,000
7	Profession Tax Paid	2,500
Other Information :—		
8	Exam Remuneration received from University	10,000
9	Gift from Grandfather	55,000
10	Dividend from Indian Companies	15,000
11	Interest on Term Deposits with Companies	25,000
12	Interest on Debentures of Indian Companies	30,000
He paid medical insurance premium for her dependent son Rs. 28,000		

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2. Ms. Neha provides following particulars of his Income for the previous year ended 31st March, 2016. You are required to compute the net taxable Income for Assessment Year : 2016-17. 15

Sr. No.	Particulars of owned house	House A (Self-Occupied) ₹	House B (Let-Out) ₹
1	Municipal Valuation (per month)	15,000	30,000
2	Rent Received (per month)	NIL	40,000
3	House B was vacant for 2 months		
4	Municipal Tax :		
	- Paid by owner	12,000	15,000
	- Outstanding on 31/3/16	2,000	5,000
5	Interest on Borrowed Capital :		
	- Paid during the year	35,000	90,000
	- Outstanding on 31/3/16	5,000	10,000
6	Maintenance charges	20,000	60,000
	Other Information –		
7	Winnings from Lotteries		80,000
8	Expenses on Purchase of Lottery Tickets		5,000
9	Gift from Friend		70,000
10	Interest accrued on Kisan Vikas Patra issued by Post Office		12,000
11	Dividend from Mutual Funds		25,000
12	He paid Interest of ₹ 35,000 on Education Loan taken from Bank of India for her spouse, who is pursuing post-graduation in Building Design, from Mumbai University (recognized)		
13	He Invested Rs. 1,50,000 in National Savings Certificates, VIII issue.		

3. Mr. Ashok provides the following information for the previous year ended 31st March, 2016. You are required to compute his net taxable income for the Assessment Year : 2016-17. 15

Profit and Loss Account for the year ended 31st March, 2016

Particulars	₹	Particulars	₹
To Salaries	3,20,000	By Gross Profit	11,00,000
To Staff Welfare	15,000	By Profit on Sale of Import Licence	20,000
To Drawings	60,000	By Interest on PPF	75,000
To Rent	72,000	By Interest on Bonds	40,000
To Income Tax paid	50,000	By Dividend from co-op Bank	15,000
To Interest paid on Business Loans	80,000		
To Miscellaneous Expenses	45,000		
To Electricity Charges	90,000		
To Contribution to Public Provident Fund (PPF)	1,00,000		
To Depreciation	30,000		
To Net Profit	3,88,000		
TOTAL	12,50,000	TOTAL	12,50,000

Additional Information :-

- Interest paid on Business Loan from State Bank of India, is not paid before the due date for filing return of income.
- Miscellaneous expenses includes Rs. 25,000 which was paid in cash.
- Depreciation allowed as per Income Tax Rules is Rs. 35,000.

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3. Mr. Kishen provides the following information for the previous year ended 31st March, 2016. You are required to compute his net taxable income for the Assessment Year : 2016-17. 15

Profit and Loss Account for the year ended 31st March, 2016

Particulars	₹	Particulars	₹
To Salaries	2,80,000	By Gross Profit	8,50,000
To Rent	1,60,000	By Discount Received	50,000
To Staff Welfare Expenses	20,000	By Rent from House Property	3,00,000
To Municipal Tax paid for house property	10,000		
To Interest on Loan for house property	30,000		
To Repair Expenses	40,000		
To Advertisement expenses	25,000		
To Medical Insurance Premium	32,000		
To Depreciation	60,000		
To Life Insurance Premium	90,000		
To Net Profit	4,53,000		
Total	12,00,000	Total	12,00,000

Additional Information :-

- 1) Repair Expenses include repairs to house property ₹ 18,000.
- 2) Depreciation allowed as per Income Tax Rules is ₹ 56,000.
- 3) Medical Insurance Premium is paid for his dependent father.
- 4) Life Insurance premium is paid for his unmarried daughter, who is not dependent on him.

4. (a) Mr Ramprasad provides the following particulars of assets transferred by him during the previous year ended 31st March, 2016. You are required to compute his Income from Capital Gains chargeable to tax for Assessment Year : 2016-17. 7

A residential house in Mumbai, which he inherited from his father in December 1982 and was sold on 16th December, 2015 for Rs. 1,20,000. His father had bought this house in February, 1981 at a cost of Rs. 3,00,000 and its fair Market Value on 1st April, 1981 is Rs. 5,00,000.

Mr. Ramprasad made the following investments out of the capital gains arising on sale of his residential house -

- (i) Purchased a residential flat in Jaunpur on 30th March, 2016 for ₹ 45,00,000.
- (ii) Purchased 3 year bonds issued by National Highway Authority of India (NHAI) for ₹ 20,00,000 on 5th February, 2016.

Cost inflation Index for FY 1981-82 = 100; FY 1982-83 = 109; FY 2015-16 = 1081.

- (b) Mr. Ranchordas, an Indian Citizen, left India for employment to Dubai on 1st April, 2011. He came on a visit for the first time to India on 1st August, 2015 and returned to Dubai on 30th December, 2015. 8

Determine his Residential Status for Assessment Year : 2016-17

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4. Mr. Ashit has earned the following incomes during the previous year ended on 31st March, 2016. Compute his Gross Total Income for Assessment year 2016-17 assuming that he is – 15

- (a) Resident and Ordinarily Resident
(b) Resident but Not Ordinarily Resident
(c) Non-Resident.

Sr No.	Particulars	Amount ₹
1	Income from Agriculture in Maldives	1,20,000
2	Interest from bank account in Singapore	1,40,000
3	Dividend on shares of Co-operative Bank in India	1,60,000
4	Salary earned and received in Mauritius	1,80,000
5	Income from business in Nepal controlled from India	2,00,000
6	Income received in Pakistan for services rendered in India	2,20,000
7	Interest from Bonds issued by Indian Companies	2,40,000
8	Past untaxed profits earned outside India, brought to India	2,60,000

5. (a) Describe briefly any four Incomes taxable under the head "Income from Other Sources" ? 8
(b) Explain 'Perquisites' as per Section 17(3) under the head 'Income from Salary' ? 7

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5. Write short notes (any 3) :- 15
(a) Depreciation under section 32
(b) Deduction under section 80 D
(c) Commuted Pension
(d) Annual Value
(e) Assessee.

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