

- Note :**
- 1) All Questions are compulsory.
  - 2) All questions carry equal marks.
  - 3) Figures to right indicates full marks.
  - 4) Use of simple calculation is allowed.

**Q. 1 Answer any two. (7.5 marks each)**

15

- A) Mr. Sanjay, an Indian Citizen went to U.S.A. for the first time for the purpose of employment on 10th May 2015. He came back to India on 19th November 2015. Find out his residential status for Assessment year 2016-17.
- B) Mr. David is a citizen of U.S.A. has earned following income during the previous year.
- |  |        |
|--|--------|
| 1) Salary earned and received in India                   | 75,000 |
| 2) Interest on Debentures received in India              | 25,000 |
| 3) Interest on Bank accounts in USA                      | 15,000 |
| 4) Interest on Bonds received in Germany                 | 30,000 |
| 5) Professional Fees received in India                   | 50,000 |
| 6) Income from business in London Controlled from Mumbai | 70,000 |
- Compute his total income, if he is
- i) Resident
  - ii) Resident but not ordinary resident
  - iii) Non-Resident
- C) Explain - "Every Resident person is not necessarily an ordinarily Resident."

**Q. 2 Answer any two. (7.5 marks each)**

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- A) Mr Rahul is an IAS officer of central govt. and posted in Mumbai receives the following incomes during the previous year.
- i) Salary ₹ 10,00,000
  - ii) Bonus ₹ 2,00,000
  - iii) Servant allowance ₹ 50,000
  - iv) Entertainment allowance ₹ 25,000
  - v) Education allowance ₹ 1,000 pm (Mr. Rahul has one son and one daughter)
  - vi) Professional tax paid ₹ 2,500
  - vii) Mr. Rahul purchase Jewellery for his wife ₹ 50,000 and payment of jewellery is made by a credit card given by the Government Employer.
- Compute Income from salary.
- B) Mr. Ram is the owner of the house at Pune. The house was let out for ₹ 25,000 /- a year. The tenant agrees to pay municipal taxes of ₹ 4,480. Rateable value of the house was ascertained ₹ 18,000 /- by municipal corporation.
- The following expenses were incurred.
- i) Fire Insurance premium ₹ 1,000 /-
  - ii) Repairs ₹ 4,000 /-
- Compute the income from house property for the assessment year.
- C) Explain different heads of income under which income is classified under the Income tax Act.

**Q. 3 Answer any two. (7.5 marks each)**

- A) Following is the Receipts and payments account for the year ended 31<sup>st</sup> March, 2016 of Mr. Rajesh, a practicing lawyer.

Receipts	Rs.	Payment	Rs.
To Bal b/d	8,500	By Salaries	25,000
To Professional Fees	2,10,000	By Office Rent	6,000
To Salary as a law Lecturer	900	By Subscriptions for legal publications	3,000
To Lottery Prize	6,000	By Printing & Stationery	7,200
To Received from HUF being his share	9,500	By Advance Tax	60,000
To Gift received from client	20,000	By Purchase of type-writer	5,000
		By Drawings	35,000
		By Purchase of car (15-10-2015)	90,000
		By office exp.	12,000
		By bld c/f	11,700
	<b>2,54,900</b>		<b>2,54,900</b>

**Other information :**

- 1) Depreciation on car is allowed at 20%.
  - 2) 1/3 of the car use has been for personal purposes.
  - 3) Depreciate Typewriter by 12.5 %.
- Compute taxable income from profession.
- B) The following is the Profit and Loss A/c of MR. Mathur for the year ended 31<sup>st</sup> March, 2016.

Particular	Rs.	Particular	Rs.
To Salaries	36,400	By Gross Profit	76,000
To Rent Paid	10,800	By Dividend	3,200
To Insurance	2,890		
To Printing & Stationery	1,700		
To Advertisement	720		
To Household expenses	26,000		
To Net Profit	690		
	<b>79,200</b>		<b>79,200</b>

- 1) Salaries include 18,000 paid as salary to the proprietor and Rs. 400 to domestic servant.
  - 2) Rent includes 1800 being hostel charges of the proprietor's son.
  - 3) Insurance premium include 1,600 paid as life insurance premium.
  - 4) Rs 1,000 paid as penalty imposed by Income tax officer has been wrongly included in salaries.
- Compute the income from business for the assessment year.
- C) What is the basic principle regarding computation of 'Income from business or profession ?



4 **Answer any two (7.5 makes each)**

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A) Mr. Amit owned the following assets as on 31<sup>st</sup> March, 2004. He had acquired these assets on 1<sup>st</sup> January 2002.

i) 1000 shares of oswal Mills @ 162 for ₹ 1,62,000.

ii) House property worth ₹ 90,000

Mr. Amit gifted the above properties to Mr. Rani on 14th May 2005. Mr. Ravi sold both these assets on 6th December 2015 at ₹ 3,05,000 and ₹ 4,10,000 respectively. Compute the Capital Gain chargeable to tax in the hands of Mr. Ravi of tax in the hands of Mr. Ravi for assessment year. The cost of inflation index are as follows.

2001-02	426
2005-06	497
2015-16	1081

B) From the following information, compute the income under - "Income from other Sources of Mrs. Rashmi.

- 1) Gifts received on the occasion of marriage of ₹ 90,000
- 2) On 12-09-2015 she has received gift of ₹ 18,000 from cousin of her mother.
- 3) A cell phone worth ₹ 21,000 is gifted by her friend on 15-08-2015.
- 4) She gets a cash gift of ₹ 25,000 from the elder brother of her husband's grandfather on 25-10-15.

C) What is the difference between 'deduction' and exemption. Give three examples of each.

Q. 5 **Solve the following :**

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Mr. rahul Deshmukh works with the Central Railway. He gives you following information for the year ended 31st March, 2016.

Basis Salary	₹ 50,000 Per month
Dearness Allowance	₹ 15,000 Per month
Received Arrears of Salary	₹ 40,000
Conveyance allowance received (Amount spent ₹ 18,000)	₹ 25,000
Re-imbursement of medical expenses in Government Hospital	₹ 48,000
Profession tax deducted from salary	₹ 2,500 Per annum

**Other Information :**

Dividend received from Bank of India	₹ 10,000
Interest received from Government Securities	₹ 25,000
Royalty received	₹ 60,000

He paid by cheque mediclaim premium of ₹ 18,000 on health of himself, spouse and children. He had taken loan from SBI for higher education of his son who is pursuing MBA with Mumbai University. During the year 2015-16 he paid ₹ 60,000 as interest on this loan.

Compute his taxable income for the Assessment year 2016-17.

— The End —