

Maximum Marks: 60

Duration: 2 Hrs

1. Use of Simple Calculator is allowed.
2. All questions are relevant for assessment year 2018-19.
3. All questions are compulsory carrying 15 marks each.

Q.1 Given below is the profit and loss account of Mayank & Co. for the year 31<sup>st</sup> March, 2018.

(15)

**Profit and Loss A/c**  
**For the year ending 31<sup>st</sup> March, 2017**

Particulars	Amount	Particulars	Amount
To Income Tax	25,000	By Professional Fees	5,00,000
To Expenses	2,38,000		
To Depreciation	32,000		
To Remuneration to Partners	1,50,000		
To Interest to Partners @ 15% p.a.	30,000		
To Net Profit	25,000		
Total	5,00,000		5,00,000

Other Information:

- a) Out of Total expenses, expenses includes the following
  - i) Capital expenditure Rs.10,000.
  - ii) Donations to Trust Rs.15,000
  - iii) Other expenses not deductible u/s 30 to 36 & 37 Rs.12,000
- b) However the following expenses paid were inadvertently not recorded in books of accounts.
  - i) Telephone Charges Rs.6,000
  - ii) Electricity Charges Rs.6,000
- c) Depreciation allowable as per Income Tax Act is Rs.35,000.

Calculate the Taxable Income and Income Tax Liability of the Firm for the assessment year 2018-19.

**OR**

Q.1 Miss.Perna is Chartered Accountant. She furnishes following information for the year ended 31.03.2018

(15)

**Receipts and Payments A/c**  
**For the year ending 31<sup>st</sup> March, 2018**

Receipts	Amount	Payments	Amount
To Balance	30,000	By Salaries & Stipend	67,000
To Audit Fees	3,57,000	By Printing & Stationery	42,000
To Certification Fees	2,45,000	By Postage & Courier	12,000
To Arbitration Fees	50,000	By Conveyance	36,000
To Remuneration from College for Guest Lectures	62,000	By Travelling	35,000
To Interest on FDR (Net of TDS@10%)	27,000	By Repairs	21,000
To Bank Interest	6,900	By Membership Fees	6,000
		By Computer (Purchased on 15.10.17)	50,000

		By Rent & Taxes	15,000
		By Mediclaim	21,000
		By Life Insurance Premium	35,000
		By PPF Deposit	25,000
		By Advance Tax	20,000
		By Personal Expenses	66,000
		By Investments in FDR	3,00,000
		By Balance	26,900
	<b>7,77,900</b>		<b>7,77,900</b>

Additional Information:

1. WDV of Computer as on 01.04.17 was Rs.36,000. Depreciation allowable is 40%. In addition she has office equipment with WDV of Rs.54,000 on which depreciation admissible is 15%.
2. Salaries include Rs.13,000 to domestic servants.
3. Personal expenses include Rs.6,000 for children tuition fees.
4. Interest credited to PPF A/c Rs.16,600.
5. Rent & Taxes is for premises, out of which 60% is used for profession and balance for residence.

You are required to compute her taxable income and tax liability for the Assessment year 2018-19.

Q.2 Compute Taxable income and tax liability of Mr. Rajendra Dixit for Assessment Year 2018-19 **(15)**

Particulars	Amount
Net Income from Chemical Business	1,06,50,000
Interest on Saving Bank Account	1,900
Share of Profit from a Partnership Firm	5,22,000
Short Term Capital Gain on Land	2,40,000
Long Term Capital Gain on House Property	1,80,000
Share of income from HUF in which he is a Member	2,82,000
Winning from Horse Race	10,000
Interest on FDR (self)	40,000
Interest on FDR (minor son)	13,000
Amount spent for Medical Treatment of disabled father (50% disability) suffering from specified disease as prescribed u/s 80DDB	49,000
Amount paid to ICICI pension plan	1,00,000

**OR**

Q.2 From the following details compute the total income of Mr. Sagar for the Assessment year 2018-19. **(15)**

- 1) Sagar a resident individual retired from Irani & Co. Ltd on 01.02.18 after 20 years and 9 months of service. He joined Jain & Co. Ltd on the same day i.e.01.02.18 and remained in service till 31.03.18, when he furnished the following information
- 2) Irani & Co. Ltd – Basic Salary Rs.80,000 p.m.  
Dearness Allowance Rs.10,000 p.m.  
Commission@4% of Rs.10,00,000  
Gratuity received (not covered by the Gratuity Act,1972) Rs.10,05,000

- 3) Jain & Co. Ltd – Basic Salary Rs.60,000 p.m.  
Entertainment Allowance Rs.8000 p.m.  
Fixed Medical Allowance Rs.2000 p.m.  
House Rent Allowance Rs.5000 p.m.  
Leave Salary Received Rs.30000
- 4) Sagar received Rs.2,500 as interest on Post Office Savings A/c and Rs.1,500 as dividend from a company incorporated in England
- 5) Interest on deposits in companies in the name of his minor son Rs.4,000
- 6) Sagar paid LIC premium of Rs.1,00,000
- 7) Average salary for gratuity is to be at Rs.94,000 & Profession Tax paid Rs.2,200

Q.3 (A) Mr. Rajan aged 63 years a severely handicapped person gives the following details for the year ending 31-03-2018 **(10)**

- |      |   |             |
|------|---|-------------|
| i)   | Salaries  | 5,57,293    |
| ii)  | Bank Interest   | 2,842       |
| iii) | Rent received in respect of residential house let out | 48,000      |
| iv)  | Municipal tax paid for let out house                  | 2,600       |
| v)   | Sale of Shares : Snow India Pvt. Ltd                  |             |
|      | a) Number of Shares : 700                             |             |
|      | b) Date of purchases : 25/11/2017                     |             |
|      | c) Date of sale : 08/02/2018                          |             |
|      | d) Purchase Price : Rs. 13,300                        |             |
|      | e) Sale Price : Rs. 23,100                            |             |
| vi)  | Contribution to PPF during the year                   | Rs. 32,000. |

Compute the Total Income & Tax Liability of Mr. Rajan for A.Y. 2018-19.

Q.3 (B) Mr. Deepak sold his residential house on 01.01.2018 for Rs. 35, 06,000 which he had purchased in 2001-02 for Rs. 2, 00,000. He spent Rs. 6000 for sale of the house. He also spent Rs. 1, 50,000 on the construction of new house and deposited Rs. 1,00,000 under capital gains account scheme on 28-03-2018. The CII for 2001-02 and 2017-18 are 100 and 272 respectively. Compute the taxable capital gain for A.Y. 2018-19. **(05)**

**OR**

Q.3. From the following income of Mr. Sunil for the previous year 2017-18, compute gross total income for assessment year 2018-19 if he is **(15)**

- a) Resident & ordinary resident
- b) Resident but not ordinarily resident
- c) Non resident

Income	Amount
1. Pension from Indian employer received in Sudan	36,000
2. Profit from business at Pune and managed in Britain	48,000
3. Income earned from business in Kuwait which is controlled from Mumbai (30,000 received in India)	54,000
4. Past untaxed profit brought to India	1,00,000
5. Income from Agricultural Land in Sri Lanka received in India	10,000
6. Profit on sale of plant at Bhopal (1/2 received in U.S.A.)	38,000

7. Dividend from German company received in India	5,000
8. Profit from business in Rajasthan controlled from Maharashtra	74,000
9. Salary earned and received in Saudi Arabia	48,000
10. Interest on Bhutan Development Bonds	40,000

Q.4 A. Determine whether the following are true or false. (08)

1. Advance against salary is taxable but advance of salary is not taxable.
2. An Indian company is always resident in India.
3. Previous year is always of 12 months.
4. A firm cannot pay remuneration to its partners if it has incurred loss.
5. The premium u/s 80D can be paid by an individual, for his parents.
6. Personal effects include jewellery.
7. Unabsorbed depreciation can be carried forward to subsequent 8 assessment years.
8. Municipal tax paid by owner is allowed as deduction for deemed to be let out property.

Q.4 B. Select the most appropriate answer: (07)

1. The due date for filing return of Income for assessee whose accounts are not required to be audited is \_\_\_\_\_.
  - a. 30<sup>th</sup> June
  - b. 31<sup>st</sup> July
  - c. 31<sup>st</sup> August
  - d. 30<sup>th</sup> September
2. Income Tax Rate for firms is \_\_\_\_\_.
  - a. 30.9%
  - b. 30%
  - c. 33%
  - d. as per slab rate
3. Gross Tax Liability is calculated on \_\_\_\_\_.
  - a. Gross Total Income
  - b. Net Taxable Income
  - c. Income
  - d. Salary
4. Residential status is to be determined for \_\_\_\_\_.
  - a. Previous year
  - b. Assessment year
  - c. Accounting year
  - d. None of the above
5. Which asset is not treated as capital asset for capital gain purchases \_\_\_\_\_.
  - a. Motor car for business use
  - b. Jewellery
  - c. Plant & machinery held as stock in trade
  - d. Tenancy rights
6. Interest credited to RPF is \_\_\_\_\_.
  - a. Fully exempt
  - b. Exempt upto 8.5% p.a.
  - c. Fully Taxable
  - d. Exempt upto 9.5% p.a.
7. All the firms will be charged to tax at the \_\_\_\_\_.
  - a. Minimum marginal rate
  - b. Average rate
  - c. Maximum marginal rate
  - d. None of the above

OR

Q.4 Short notes (any three) (15)

- a) Revised Return
- b) Belated Return
- c) Five items of exemption u/s 10
- d) Concept of Self Occupied House Property
- e) Types of Income Tax Returns

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