

- N. B. : (1) Answer all questions.
(2) Figures to right indicate full marks.
(3) Working notes form part of answer.
(4) Use of simple calculator is permitted.

1. Y Ltd. submits the following Profit and Loss Account for the year ended 31st March 2014. 15

Particulars	₹	Particulars	₹
Salary	2,58,000	Gross profit	25,50,000
Sales tax	68,000	Interest on fixed deposits	50,000
Depreciation	38,000		
Family planning expenditure for employees	62,000		
Car expenses	31,500		
Scientific research expenditure	58,000		
Sundry expenses	14,500		
Net profit	20,70,000		
	26,00,000		26,00,000

Additional Information :-

1. Depreciation on assets excluding car is ₹ 32,000 as per Income Tax Provision.
2. On 1st January, 2014, the company has purchased an imported car for Managing Director of the company for ₹ 12,00,000. Rate of depreciation of Car is 15%.
3. Car is partly used for office purposes and partly for private purposes by the MD.
4. Family planning expenses include capital expenditure of ₹ 12,000.

Compute the net income of the company for the Assessment Year 2014-15.

OR

1. Profit and Loss Account of TY & Co (a partnership firm) for the year ending 31st March, 2014 is as follows. 15

Particulars	₹	Particulars	₹
Salaries	30,00,000	Gross profit	40,00,000
Expenses	74,000	Agriculture income in India	2,00,000
Depreciation	3,15,000	Dividend from foreign company	1,50,000
Remuneration to partners	2,08,000	Net Loss	1,55,000
Interest to partners	58,000		
Rent	8,50,000		
	45,05,000		45,05,000

Other Information :-

- Expenses of ₹ 33,000 are not deductible by virtue of section 36 and 37.
- Depreciation as per income tax provision is ₹ 54,000.
- Interest to partners is not deductible to the tune of ₹ 18,000 under section 40 (b).
- The firm satisfies all conditions of section 184 and 40 (b).

Calculate the amount of net income of the firm for the Assessment Year 2014-15.

2. Mr. X holds the following securities on 1st April 2013 :- 15

- ₹ 4,00,000, 7% MP Government loan (Date of interest 15th July every year)
- ₹ 5,00,000, 8% non-listed debentures of AB Ltd. (Interest payable on 31st October every year).
- ₹ 6,00,000, 12% Punjab Government securities (Interest payable on 31st October every year).

On 1st September 2013, he borrowed ₹ 5,50,000 at 8% interest and purchased 9% securities of UP Government. The face value of the same is ₹ 7,00,000. Due date of interest is 15th January and 15th July every year.

He received a gift in foreign currency from one friend of ₹ 55,000 and from another friend ₹ 6,000.

Income of Mr. X from legal profession is ₹ 40,00,000.

He received dividend of ₹ 35,000 from co-operative society.

He received fixed deposit interest of ₹ 1,20,000 after deduction of TDS of ₹ 24,000 on 1st June 2013.

He purchased jewellery from a person (Other than registered dealer) of ₹ 3,00,000.

Fair market value of the same is ₹ 4,20,000 on the date of purchase.

He maintains his books of accounts on mercantile basis. Compute his Gross Total Income for the Assessment Year 2014-15.

OR

2. Mrs. Z an employee director of FY Ltd, submits the following information relevant for the financial year 2013-14. 15

1. Salary	₹ 8,00,000
2. Entertainment allowance	₹ 20,000
3. Bonus	₹ 48,000
4. Education allowance for her grand children	₹ 5,800
5. Medical expenses reimbursed by the employer	₹ 3,200
6. Leave travel concession	₹ 8,300
7. Payment of electricity bills by the employer	₹ 5,400
8. Perquisite value of furnished flat provided	₹ 98,200
9. Arrears of bonus of the year 2008-09 (not taxed earlier)	₹ 16,500
10. Employers' contribution towards Recognised Provident Fund	₹ 40,000
11. Profession tax paid by Mrs. Z	₹ 2,000

Calculable Taxable income.

3. Mr. Virat is the owner of 3 house properties. House No. 1 and House No. 2 are self occupied whereas House No. 3 is let-out for residential purpose. He furnished you the following information pertaining to the Assessment Year 2014-15 :- 15

Particulars	House No.1 ₹	House No.2 ₹	House No.3 ₹
Municipal Valuation	98,000	4,25,000	6,00,000
Fair Rental Value	96,000	4,20,000	5,80,000
Standard Rent under Rent Control Act	1,00,000	4,15,000	6,00,000
Rent Received	—	—	6,16,000
Municipal taxes paid by him <i>less</i>	18,000	25,000	45,200
Date of loan taken for construction of house property	1/4/2009	1/4/2008	1/4/2009
Amount of the above loan	80,000	2,00,000	3,00,000
Date of completion of construction	1/4/2011	1/4/2010	1/4/2012
Rate of interest	10 %p.a.	9 %p.a.	12% p.a.

Compute his taxable income for the Assessment Year 2014-15.

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3. On 10th January, 2014 Mr. Uday sells the following assets.

1. Self generated goodwill of a business (long term) ₹ 12,00,000
2. Bonus shares in SY Ltd. (listed - being long term) ₹ 3,00,000
3. Listed debentures of TT Ltd. ₹ 90,000. Debentures were acquired on 6th March, 1984 for ₹ 48,000.
4. On 1st September, 2013 he transferred a plot of agriculture land situated near Delhi for ₹ 25,00,000. The value of plot for stamp duty purpose is ₹ 69,00,000. It was purchased by him for ₹ 3,00,000 in 1978. The fair market value on 1st April 1981 is ₹ 6,00,000. Since the date of purchase the land is used by him for his agriculture purposes.

The Cost Inflation Index for the financial year 2013-14 is 939.

Compute income from Capital Gain of Mr. Uday for the Assessment Year 2014-15.

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4. (a) State whether following statement are True or False

- ✓ 1. Uncommuted pension received by a government employee is taxable as income from salary.
- ✓ 2. Income tax is disallowed while computing the business income.
- ✗ 3. Deduction under section 80C for tuition fees shall be allowed if the same are paid even for part time education in school and colleges in India.
- ✓ 4. Dividend received from co-operative society is exempt from tax.
- ✓ 5. The income from sub-letting of a rented house shall be taxable as income from house property.
- ✗ 6. Professional tax is allowed as deduction from income from other sources.
- ✓ 7. Interest credited to recognized provident fund is allowed as exemption upto 12% p.a.
- ✓ 8. An Indian company is always resident in India.

(b) Match the column

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Column A	Column B
f (1) Income from agriculture in India	(a) Allowable as business expense 3
(2) Arrears of rent received during the year	(b) Taxable in the year of receipt 2
(3) Depreciation	(c) Taxable perquisite 5
(4) Remittance in India	(d) Capital asset 6
(5) Advance salary	6 (e) 30% is deductible 7
(6) Value of rent free accommodation	1 (f) Exempt from tax 1
(7) Residential house 5	(g) Not treated as income of the year 4

OR

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4. Write short notes (any three) :-

15

- (a) Enumerate any two income which are exempt from Income Tax while computing income from salary.
- (b) Explain any two items of business expenses which are deductible from business income.
- (c) Explain the conditions of residential status for an individual.
- (d) Incidence of tax.
- (e) Previous Year and Assessment Year.

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