

Q.P. Code :16807

( 2 Hours )

[Total Marks : 60]

- 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. Mr. A gives the following details to calculate his Taxable Income for the Assessment Year 2016-17. **15**

**Profit and Loss Account for the year ending on 31<sup>st</sup> March, 2016**

	₹		₹
To Staff salaries	4,80,000	By Gross Profit	1,250,000
To Sundry expenses	25,500	By Share of Income from HUF	25,000
To Entertainment expenses	16,500	By Income from a partnership firm	75,000
To Income Tax paid (AY 2015-17)	20,000		
To Advance Income Tax paid (AY 16-17)	16,500		
To Donation	25,001		
To Interest on Loan	26,000		
To Medical expenses	15,000		
To Life Insurance Premium paid (Self)	25,000		
To Net Profit	700,499		
	<b>1,350,000</b>		<b>1,350,000</b>

**Other Information**

- 1) The loan is taken for making capital contribution in partnership firm. The interest is debited to above Profit and loss Account.
- 2) The details regarding income from the partnership firm:
  - a. Salary ₹42,000 as a working partner.
  - b. Interest ₹14,000 on capital at the prescribed rate.
  - c. Balance is the share of profit.
- 3) Medical expenses include payment of medical insurance premium for self of ₹ 5,000.

**OR**

**TURN OVER**

1. Mr. B gives the following details to calculate his tax liability for the Assessment Year 2016-17. 15

**Profit and loss Account for the year ending on 31<sup>st</sup> March, 2016.**

Particulars	₹	Particulars	₹
To Salaries	4,00,000	By Gross Profit	8,01,800
To General Expenses	48,000	By Interest on PPF Account	8,800
To Printing and stationery	21,000	By Dividend from co operative society (Gross)	40,000
To Depreciation	25,500	By Dividend from Indian Companies	6,500
To Conveyance	70,000	By Winning from Races (Gross)	30,000
To Fire Insurance Premium for home	48,000	By Interest on fixed deposits (Gross)	3,000
To Reserve for Doubtful Debts	5,000		
To Contribution to Public Provident Fund Account (Self)	15,000		
To Life Insurance Premium paid (Self)	12,000		
To Net Profit	2,45,600		
	<b>8,90,100</b>		<b>8,90,100</b>

**Other Information**

- 1) Depreciation allowable as per Income Tax Rules is ₹38,000.
  - 2) General expenses includes:
    - a. Payment of Medical Insurance Premium (self) of ₹8,000.
    - b. Gifts to staffs ₹ 10,000.
  - 3) Tax Deducted at Source (TDS) on incomes:
    - a. Dividend from co operative society ₹ 4,800.
    - b. Winning from races ₹ 3,300.
2. Mr. C, an indian Citizen (age 30 years) left India for the first time for the employment on 13<sup>th</sup> April, 2015. He returned on 1<sup>st</sup> January, 2016. Since then he is in India. Determine his Residential Status for the Assessment Year 2016-17. 15  
On the basis of his Residential Status determine his scope of income from the following details.

	₹
Income from House Property in India	5,000
Income from House Property at UK	50,000
Interest on fixed deposits with Indian Banks in India	45,000

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Income from business at UK, controlled from India	75,000
Interest on Bank Account in UK	11,000
Income earned and received in UK	1,25,000
Income received in India	45,600
Income earned in India and received at USA	55,900
Agricultural Income from land at UK	35,000
Income from business at USA controlled from UK	1,00,000

OR

2. From the following details calculate Salary Income of Mr. D for the Assessment Year 2016-17. 15

	₹
Monthly Basic Pay	25,000
Dearness allowances - monthly	5,000
Bonus received	55,000
Perquisite value of Gas, Water and Electricity	8,000
Conveyance allowances	7,500
Taxable value of rent free accommodation provided	8,500
Encashment of Leave Salary	6,500
Life insurance premium paid by employer	6,500
Ex-gratia	26,000
Advance salary received	50,000
Employers contribution to Statutory Provident Fund	20,000
Interest credited to Statutory Provident Fund	12,400

- 3.(A) Mr. E gives the following details to calculate his Income from Other Sources for the Assessment Year 2016-17. 07

	₹
Winning from lotteries (Gross)	2,00,000
Interest on fixed deposits with banks (Gross)	74,200
Interest on Public Provident Fund	12,500
Interest due on National Saving Certificates (Gross)	45,000

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Dividend on shares of foreign companies	48,000
Royalty received on books (Gross)	1,25,000
Interest due on debentures of AB Ltd. ( Gross)	18,500
Agricultural Income from the land situated at Maharashtra	22,600
Dividend on shares of Indian Companies	45,000
Interest on Kisan Vikas Patra	1,000

He incurred the following expenses for the above income.

- 1) Purchase of lottery tickets ₹12,000.
- 2) Interest on loan taken for purchase of NSCs ₹1,500
- 3) Expenses incurred to write the books ₹ 35,000
- 4) Interest on capital borrowed for purchase of debentures of AB Ltd. ₹ 2,500.

3.(B) Mr. E has two houses. Compute his Income from House Property for the Assessment Year 2016-17. 08

	House A (₹) Self occupied	House B (₹) Rented
Municipal Valuation	35,00,000	45,00,000
Fair Rent	33,00,000	40,00,000
Standard Rent	---	45,00,000
Actual Annual Rent	---	60,00,000
Municipal Taxes paid by Mr. E	1,00,200	1,20,000
Repairs incurred by Mr. E	85,000	1,65,000
Interest on capital borrowed for purchase of the house	50,000	2,85,000

Both the houses were purchased in the year 2009.

OR

3. Calculate the capital gain for the Previous Year 2015-2016 from the following information of Mr. F. 15

Purchase of house property for ₹8,00,000 on 01.12.1975 (fair market value as on 01/04/1981 ₹9,00,000).

He made the following improvement in the year 1979-1980 for ₹1,00,000, in the year 1998-1999 ₹2,00,000, and in the year 2010-2011 ₹3,00,000.

The house property was sold for ₹87,00,000 in the previous year 2015-2016 and brokerage paid on transfer of ₹5,00,000.

INDEXATION: 1981-82 : 100, 1998-99 : 351, 2010-2011: 711, 2015-2016: 1081.

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4. Determine the following as **true or false**[Rewrite the sentence]. **15**
- (1) Income earned on sale of plant at Delhi and received in Kuwait is considered as foreign income.
  - (2) Cost of acquisition of bonus shares is purchase price of original shares for calculating capital gain.
  - (3) Any gain arising on sale of house property which is held for a period of 7 years is short term capital gain.
  - (4) Any expense paid outside India on which no tax is deducted at source is disallowed while computing business income.
  - (5) Any expense paid in cash in one installment for ₹12,000 is allowed to be debited to Profit and Loss Account while computing taxable income from business.
  - (6) Dividend declared by Unit trust of India is exempt in the hands of shareholders.
  - (7) Goodwill of a business is treated as capital asset for the purpose of capital gain.
  - (8) An Indian Company is non resident in India.
  - (9) Salary of a MLA is income from other sources.
  - (10) Entertainment allowance is allowable deduction for salary income.
  - (11) Special bearer bonds, 1991 are capital assets.
  - (12) An assessee can have a loss from income from self occupied properties.
  - (13) Family pension is taxable as income from other sources.
  - (14) Gift received from father is taxable as income from other sources.
  - (15) Refrigerator used in house is a capital asset.

**OR**

4. Write short notes (**any three**). **15**
- (1) Installments of Advance Tax and due dates for individuals
  - (2) Pre construction interest
  - (3) Pension
  - (4) Deductions from Gross Total Income
  - (5) Prequisite