13/10/15 Direct Indirect Taxes

QP Code : **13900**

(2.5 Hours) [Total Marks : 75

N.B. Question should be written one below the other and in every front page only.

N.B. (1) All the questions are compulsory.
(2) Marks are indicated on the right side of each question.
(3) Workings should form part of the main answer.

1. (A) Fill in the blanks : (Any 8) 08

1. Export incentives received in the form of Duty Drawback by an Indian exporter is chargeable as income from _____.
2. Cost inflation index is applicable for computing income from _____.
3. If the business is commenced on 31st December 2014 the first previous year will end on _____.
4. The legal status of Bar council of India is _____.
5. Gift received from friend is chargeable under the head income from _____.
6. Income earned outside India by non resident Indian is fully _____ in India.
7. An individual is considered as resident in India if his stay in India during the previous year is at least _____ days.
8. An individual who does not satisfy both the basic conditions under section 6(1) of Income Tax Act, 1961 is considered to be _____ in India during the previous year.
9. The house property is considered as long term capital asset, if it is held for at least _____ months.
10. Monthly remuneration received by Member of Parliament is chargeable under the head income from _____

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B) State whether the following statements are True or False (Any 7) 07

1. Interest on deposits of foreign company received in London by ordinarily resident individual is fully taxable.
2. Residential status does not depend upon citizenship.
3. Dividend received from Dena Bank is fully exempt.
4. Life insurance premium paid by employer on behalf of an employee is a taxable perquisite.
5. Maximum deduction for interest on saving bank u/s80TTA is limited to ₹ 10,000.
6. An Indian company need not always be resident in India.
7. Entertainment allowance received by a non government employee is exempt from tax.
8. Advance salary received by an employee from the employer is not a part of Gross Salary.
9. Mediclaim premium paid by cash ₹ 15000 is allowed as deduction u/s 80D
10. Deduction u/s 80 C in respect of payment of life insurance premium, PPF etc. is also allowed to partnership firms.

2. Mr. Bipin Sawant aged 62 years gives you the following information for the year ended on 31st March, 2015. 15

Basic Salary (Net)		Rs. 60000 per month
Dearness allowance @ 30% of Basic Salary		
Ex-gratia Received	-	Rs. 1,00,000
Bonus (Declared)	-	Rs. 40,000
Entertainment Allowance	-	Rs. 36,000
Advance against Salary	-	Rs. 2,00,000
Recognized Provident Fund deducted from basic salary for the year		Rs. 48000

Other information :

Winnings from lottery	-	Rs. 50,000
Expenses on purchase of lottery tickets	-	Rs. 2,000
Dividend from Tata Motors Ltd. on 2000 preference shares at		Rs. 10 per share
Interest on saving bank account with Saraswat Co.op Bank Ltd.		Rs. 12000

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He deposited Rs. 50,000 in Senior Citizen Savings Scheme on 1-1-2015
Compute his taxable income for the assessment year 2015-16

OR

Mr. Rajesh More Completed 60 years on 31-3-2015. He gives you the following information for the year ended on 31/03/2015 15

Particulars	House I Rs.	House II Rs.
Status	Self occupied	Let out
Fair Rent	6,00.000 p.a.	520,000 p.a.
Rent Received	—	500.000 p.a.
Municipal taxes paid by him		
for earlier year	—	10.000
for current year	—	20.000
unpaid till date	40,000	10.000
Interest on borrowed Capital for construction of property (loans taken in F.Y. 2010-11)		
- paid during the year	180.000	140,000
- due but not paid	20000	20000

other information

During the year he received

(a) Refund of income tax of Rs. 97800 (including interest of Rs. 32000)

(b) Interest on fixed deposits with bank - Rs. 200,000

(c) Dividend from HDFC Mutual Fund - Rs. 8.000

(d) Gifts from friends on the occasion of 25th Marriage anniversary R. 151,000

(e) Interest on savings bank account with HDFC Bank - Rs. 7500

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He paid Rs. 17000 by cheque for Medical insurance for himself.

Compute his taxable income for assessment year 2015-16

3. Mr. Mane is partially blind (85% disability). He furnishes the following information. 15

Profit and loss Account for the year ended 31.3.2015

Expenses	₹	Income	₹
To office expense	60,000	By Gross Profit b'd	11,48,000
To Advertisement	15,000	By Dividend from	
To Drawings	50,000	Saraswat co.op. Bank	8000
To Electricity Charges	25,000	By saving Bank	
To Interest on		Interest	15,000
business loan from		By prize money	
Bank of India	30,000	received for	
To depreciation	28,000	participating in	
To Miscellaneous Expenses	10,000	TV game	20,000
To Advance income tax	23,000		
To Net profit cld	9,50,000		
Total	11,91,000	Total	11,91,000

Other Information

1. Depreciation allowed as per Income Tax Rules is ₹30.000
2. Office expenses include office repairs of ₹21.000 paid in cash on 14.10.2014
3. Interest due on business loan from Bank of India is not paid before the due date of filing the income tax return.

you are required to compute the total income of Mr. Mane for the Assessment Year 2015-16

OR

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3. (A) Mr. Karnik sold on 10.06.2014 his residential house in Nashik for ₹ 75,00.000. It was purchased on 07.07.1993 for ₹7,00,000. Expenses on transfer amounted to ₹1,20,000. 08

Mr. Karnik incurred expenses on improvement on old house in financial year 2005-06 of ₹1,40,000. He invested Rs 25,00,000 for purchase of new resiential house on 31.10.2014.

You are required to compute Net Capital Gain for the assessment year 2015-16. Relevant Cost Inflation Indices are as under.

Financial Year	Cost Inflation Index
1993-94	244
2005-06	497
2014-15	1024

(B) Mr. Gupte provides you the following information for the year ended 31.3.2015. 07
You are required to compute his taxable income for the Assessment year 2015-16.

Basic Salary	14000 per month
Dearness Allowance	8000 per month
Dividend received from Co-operative Bank	6000
Ground Rent received	30,000
Dividend received from Mutual Fund	12000

4. From the following information of Mr. Vijay for the previous year 2014-2015, compute the Gross total income for the assessment year 2015-16 if he is — 15

(a) Resident and Ordinarily resident
(b) Resident but not Ordinarily resident
(c) Non resident

Income	₹
(1) Income from business in Dubai, Controlled from London	50,000

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