

Q.P. Code: 30481

Duration: 2.5 hours

Marks: 75

**Instructions:****All questions are compulsory.****Figures to right indicate full marks.****Use of simple calculator is allowed.**

Q1 a State whether True or False from the following (any 8) (8Mks)

1. Residential status does not depend upon citizenship.
2. Entertainment Allowance shall be fully exempt in case of employees of central government, state government and local authorities.
3. Capital Gain arises from transfer of any capital Assets.
4. The quantum of maximum deduction allowed u/s 80 C is Rs. 1,50,000.
5. Share of Income received by a member of HUF is fully taxable.
6. Deduction u/s 80 E is applicable for interest on Medi Claim
7. Any gift received by an individual from his brother Rs.100000 is fully taxable.
8. Expenses exceeding 60,000 paid in cash are disallowed.
9. Dividend received is exempt if it is received from cooperative bank.
10. Subletting will be taxable under the head income from house property.

Q1 b Match the column (7 Mks)

| Sr. No | Column A            | Sr. No | Column B                   |
|--------|---------------------|--------|----------------------------|
| 1      | Remittance in India | a      | Individual                 |
| 2      | 80 E                | b      | Agriculture Income         |
| 3      | SOP                 | c      | Long term capital gain     |
| 4      | LOP                 | d      | Not taxable                |
| 5      | more than 36 months | e      | Not a capital assets       |
| 6      | Less than 36 months | f      | Income from other sources  |
| 7      | Mr A                | g      | Annual Value Nil           |
| 8      | Personal Car        | h      | Interest on Education Loan |
| 9      | Salary to MP MLA    | i      | No restriction on interest |
| 10     | Exempt Income       | j      | Short term capital gain    |

Q2 Mr. Zen furnishes you the following information for the year ended 31<sup>st</sup> March, 2017.

(15 marks)

| Particulars                              | Amount           |
|--|------------------|
| Basic Salary                             | 4,00,000         |
| Tax Deducted at Source:                  | 2,000            |
| Commission received                      | 20,000           |
| Dearness Allowances                      | 800 ( per month) |
| House Rent Allowance ( exempt Rs 4800)   | 7,500            |
| Personal Expenses paid by the company    | 750              |
| Education Allowance (exempt Rs. 100 p.m) | 300 per month    |

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|                           |        |
|---------------------------|--------|
| Bonus ( but not received) | 35,600 |
| Taxable Car allowance     | 5,000  |
| Professional Tax          | 2,500  |

Compute his Net Taxable Income from the head Salary for the Assessment Year 2017-18

OR

Q2. a

Mr Anil has earned the following income during the P.Y ended 31st March, 2017  
( 8 Mks)

|                                     |            |
|-------------------------------------|------------|
| Salary received in India            | Rs. 35,600 |
| Dividend from Indian Company        | Rs. 51,500 |
| Dividend from Pakistan              | Rs. 56,400 |
| Interest on Bank Account in London  | Rs. 41,000 |
| Professional Fees received in India | Rs. 11,000 |

Compute his total income assuming: he is resident and ordinarily resident and NRI

Q2 b

(7 Mks)

Mr Ram a citizen of USA has been staying in India since 1994. He leaves India on 16<sup>th</sup> July 2016 on a visit to USA and return on 4<sup>th</sup> January 2017. Determine his residential status for the A.Y 17-18. Give explanation for your answer.

Q3 . Mrs Mehta is the owner of two houses:

(15 Mks)

| Particulars                            | SOP      | LOP      |
|--|----------|----------|
| Municipal Value                        | 7,20,000 | 8,20,000 |
| Fair Rent                              | 6,90,000 | 7,80,000 |
| Municipal taxes (outstanding)          | 50,000   | 67,000   |
| Interest on housing loan (outstanding) | 1,29,000 | 95,000   |
| Rent received                          | -        | 8,05,000 |
| Ground Rent                            | 10,000   | 10,000   |
| LOP house was vacant for Two month     |          |          |

From the above information compute his income under the head income from house property for the AY 2017 – 18.

OR

Q3 a

( 8 Mks)

Mr. Anil sold a residential flat at Borivali for Rs. 1,80,00,000 on 1-06-2016. The building was purchased for Rs. 4,04,000 on 1-12-1979. In the same year of purchase he made improvement of Rs. 50,000. Fair Market value of property as on 1-4-1981 was 8,50,000. On 31.08.2012 there was an improvement of Rs.2,00,000. He invested Rs.30,50,000 in purchase of a residential building in December 2016. Compute Taxable Gain for the assessment year 2017-18 if CII for 2016-17 is 1125 , CII for 1981-1982 is 100 and CII for 2011-2012 is 785.

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Q3.b

(7 Mks)

Mr Krishna, submit the following particulars of his income for the assessment year 17 - 18

| Particulars  | Amount |
|--|--------|
| Income from agriculture in India                     | 28,000 |
| Interest Earned on Fixed deposits ( net of TDS 3200) | 68,450 |
| Lottery Prize (purchased ticket Rs.500)              | 45,500 |
| Refund from Income tax department                    | 4,500  |
| Dividend from Indian Company                         | 44,910 |
| Interest form NSC                                    | 12,000 |

Compute his taxable income from other sources

Q4.

(15 Mks)

Mr. Kanani provides the following profit and loss account for the year ending 31st March, 2017.  
From the following information compute total income of Mr. Kanani

| Particulars                 | Rs.              | Particulars                                 | Rs.              |
|-----------------------------|------------------|---|------------------|
| To Electricity              | 5,00,000         | By gross profit                             | 1,534,000        |
| To Rent                     | 60,000           | By U.T.I dividend                           | 18,000           |
| To printing and stationery  | 50,000           | By Income from LIC Mutual fund              | 10,000           |
| To advertisement            | 100,000          | By gift from friend on occasion of marriage | 34,000           |
| To Entertainment            | 36,000           | By Interest on NSC                          | 6,000            |
| To Motar car Expenses       | 60,000           |   |                  |
| To Drawing                  | 120,000          |   |                  |
| To embezzelment by employee | 14,000           |   |                  |
| To staff welfare Expenses   | 140,000          |   |                  |
| To Interest                 | 60,000           |   |                  |
| To Salary                   | 140,000          |   |                  |
| To Depreciation             | 70,000           |   |                  |
| To Income tax               | 32,000           |   |                  |
| To Net Profit               | 2,20,000         |   |                  |
|                             | <b>2,602,000</b> |   | <b>2,602,000</b> |

Additional Information:

1. Depreciation as per Income tax rules is Rs. 84 000
2. Staff welfare expenses includes Rs. 40,000 for his own medical premium.

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3. 50% of the rent is paid for his residential house.  
4. Printing includes Rs. 5000 paid for printing marriage card for his daughter marriage.

OR

Q4. From the following Profit & Loss Account of Mr. Raj compute his total taxable income for the Assessment Year 2017-18  
(15 marks)

**Profit & Loss Account for the Year Ended 31<sup>st</sup> March, 2017**

| Particulars                     | Amount    | Particulars               | Amount    |
|---------------------------------|-----------|---------------------------|-----------|
| To Opening Stock                | 6,68,000  | By Sales                  | 2,450,000 |
| To Purchases                    | 20,58,000 | By Closing Stock          | 610,000   |
| To Office Salaries              | 150,000   | By Income Tax Refund      | 15,000    |
| To Bad Debts Written off        | 12,000    | By Dividend from UTI      | 80,000    |
| To Advertisement                | 21,500    | By Lottery Prize received | 125,000   |
| To Fire Insurance Premium       | 15,000    |                           |           |
| To Conveyance                   | 12,500    |                           |           |
| To Int. on Proprietor's capital | 34,500    |                           |           |
| To General Expenses             | 1,10,000  |                           |           |
| To Sales Tax                    | 10,000    |                           |           |
| To Sales Tax Penalty            | 3,000     |                           |           |
| To Depreciation                 | 65,000    |                           |           |
| To Net Profit                   | 120,500   |                           |           |
| Total                           | 3,280,000 | Total                     | 3280000   |

**Additional Information:**

- General Expenses include Advance Income Tax Rs. 20,000 and Rs. 1,000 for purchase of lottery tickets.
- Depreciation allowable as per Income Tax Rules Rs.1 50,000
- Purchases include Rs. 1,80,000 paid for cash purchases exceeding the limit of Rs. 20,000 prescribed under section 40A(3) of Income Tax Act, 1961.
- Office salaries include Bonus due but not paid Rs. 33,000.

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5. Mr.Raj paid premium for LIC Pension Policy Rs. 35,000 and paid Mediclaim in cash Rs. 10,000.

Q5.

1. Explain deduction u/s 80 U (8 Mks)
2. List of Income form other sources (7 Mks)

**OR**

**Q5 Write Short note ( any3) (15 Mks)**

1. Long term Capital Gain
2. Deduction from Income from Salary.
3. Basic Condition for Resident and Ordinary Resident of India.
4. Agriculture Income.
5. Deduction under u/s 80 D

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