

[Time: 2:30 Hours]

[ Marks:75]

Please check whether you have got the right question paper.

- N.B:
1. All questions are compulsory.
  2. Figures to right indicate full marks.
  3. Use of simple calculator is allowed.

- Q.1 A) State whether the following statements are true or false. (Any 8 out of 10) 08
1. Income from agricultural land in Sri Lanka is not taxable.
  2. Capital gain arises on transfer of any asset.
  3. Entertainment allowance is allowed as a deduction to both government and non-government employees.
  4. Rent from sub - letting property is taxable under income from house property.
  5. Assessment year can be for a period of less than a year.
  6. Municipal taxes are allowed as deduction only if borne by tenant.
  7. In case of self-occupied property, net annual value is zero.
  8. Perquisite value of gas, electricity and water supply is taxable under income from other source.
  9. Vacancy rent is deducted from gross annual value.
  10. Bonus declared is taxable under income from salaries.
- Q.1 B) Select the appropriate option. (Any 7 out of 10) 07
1. Deductions for handicapped individual Resident is allowed under \_\_\_\_\_. (Sec 80U, 80DD)
  2. Residential Status of an individual depends on the stay of the assessee in India during \_\_\_\_\_.  
(previous year, Assessment year)
  3. \_\_\_\_\_ are not taxable. (Illegal income, Personal gift)
  4. Interest on loan for higher education is allowed under \_\_\_\_\_. (Sec 80E, 80TTA)
  5. Mediclaim paid for parents (whether dependent or not) is exempt up to \_\_\_\_\_. (Rs.25000, Rs.50000)
  6. In order to claim deduction under sec 80D, mediclaim should be paid in \_\_\_\_\_ (cheque, cash).
  7. Section \_\_\_\_\_ (10(2), 10(2A)) exempts income receipt by a member out of HUF income
  8. A Person by whom any tax is payable under Income Tax Act, 1961 is called as \_\_\_\_\_.  
(Individual/Assessee)
  9. Dividend on shares of Indian Company is Exempt u/s \_\_\_\_\_. (10(34), 10(35))
  10. Exceptions of second basic condition given in sec 6(1) are applicable to \_\_\_\_\_ (Indian Citizen / Foreign Citizen)
- Q.2 Calculate Income from Salaries of Ms. Shweta for the assessment year 2018-19. 15
- a) Basic Salary per month - Rs. 10,000.
  - b) Dearness Allowance:-
    - a. From 1-4-2017 to 31-12-2017 -20% of Basic.
    - b. From 1-1-2018 to 31-3-2018.- 30% of Basic.
  - c) Taxable Conveyance Allowance - Rs. 4,500
  - d) Medical Expenses re - imbursement - Rs. 20,000.
  - e) Entertainment Allowance Rs.20,000.
  - f) Arrears of salary Rs. 35,000.
  - g) Perquisite value of gas, water and electricity supply - Rs. 10,000.

Paper / Subject Code: 79708 / Direct Taxation

- h) Profession Tax paid - Rs. 1,000.  
 i) Bonus declared Rs. 10,000.  
 j) Leave Travel Allowance Rs. 15,000 (Exempt - Rs. 3,000).

OR

Q.2 A) Compute total income of Mrs. Karishma for assessment year 2018-19 assuming the residential status to be Resident and Ordinary Resident, Resident but not Ordinary Resident and Non-resident. 08

- a) Salary earned in Delhi Rs. 2,50,000, Rs. 50,000 received abroad  
 b) Income from profession in Canada - Rs. 3,00,000.  
 c) Income from house property in India- Rs. 40,000.  
 d) Income from agriculture in India- Rs. 10,000.  
 e) Income from business in India, controlled from France- Rs. 6,00,000.  
 f) Profit from business in Bhutan - Rs. 60,000.  
 g) Interest on securities accrued in India - Rs. 5,000

Q.2 B) Determine the residential status of Mr. Joy for the assessment year 2018-19. Mr Joy, an Australian stays in India for 80 days in 2017-2018, 50 days in 2016-2017 and 70 days in 2015-2016. 07

Q.3 Calculate Income from House Property of Mr. Jay for the assessment year 2018-19. 15

Particular	House A LOP	House B DLOP	House C SOP
Municipal valuation	8,50,000	11,00,000	8,80,000
Fair Rent	7,00,000	10,50,000	10,20,000
Standard Rent	6,50,000	10,75,000	10,00,000
Actual Rent	8,00,000	11,50,000	10,00,000
Municipal Taxes paid by owner			
<b>Assessment year</b>			
2018-19	5,000	10,000	7,000
2017-18	6,000	9,000	6,000
2016-17	8,000	11,000	8,000
Interest for loan taken for renovation and reconstruction of property in 2015	2,15,000	2,20,000	2,17,000
Land Revenue	3,000	2,000	1,000
Insurance	1,000	3,000	5,000
Ground Rent	2,000	5,000	3,000
Vacancy	1	2	2

OR

Q.3 A) Compute total income from other sources of Mr. Vinod for the assessment year 2018-2019. 08

- a) Royalty from books Rs. 65,000. Expenses of typing - Rs 5,000.  
 b) Examination fees from University of Mumbai - Rs. 4,000.  
 c) Interest on Public Provident Fund - Rs. 5,000.  
 d) Honorarium received from management institute as a lecturer Rs. 7,500. Conveyance for visiting the institute - Rs. 500.  
 e) Income from agricultural land in India - Rs. 10,000.

Paper / Subject Code: 79708 / Direct Taxation

- f) Interest on Bank Deposits- Rs. 6,000.  
g) Income Tax Refund - Rs. 2,000.  
h) Interest on Income Tax Refund - Rs. 1,000.

Q.3 B) Shri Raj purchased a House property for Rs. 3,50,000 on 10th August 2005. He constructed a first floor during the Financial Year 2008-09 for Rs. 4,00,000. He sold the property on 15/06/2017 for Rs.75,00,000. He paid brokerage Rs. 50,000 for the sale transaction. You are required to compute the income from capital Gains for the assessment Year 2018-19. (CII: 2005-06=117,2008-09=137,2017-18=272)

Q.4 From the following Profit and Loss Account of Mr. Khan calculate the total taxable income for the assessment year 2018-19.

Profit and Loss Account for the year ended 31<sup>st</sup> March 2018

Particular	Amount	Particular	Amount
To Salaries to Employees	2,00,000	By Gross Profit b/d	10,00,000
To Salary to Mr. Khan	60,000	By Winnings from horse racing	1,00,000
To General Expenses	1,50,000	By Rent from sub - letting	20,000
To Conveyance	70,000	By Interest on Bank Deposits	40,000
To Rent	1,00,000	By Board meeting fees	38,000
To Fire Insurance Premium	27,000		
To Reserve for Doubtful Debts	20,000		
To Income Tax	15,000		
To Gift to Son	50,000		
To Depreciation	70,000		
To Net Profit	4,36,000		
	11,98,000		11,98,000

Following further information has been provided:

- a) Depreciation allowable under Income Tax Rules is Rs. 50,000  
b) General Expenses include Rs. 20,000 for gifts to staff and Rs. 30,000 for donation.  
c) He contributed Rs. 50,000 for maintenance of handicapped dependent. (Disability 90%).  
d) He paid Rs. 25,000 for interest on higher education loan.

OR

Q.4 Mrs. Smitha provides the following profit and Loss Account for the year ended 31/03/2018. Compute total taxable Income of Mrs. Smitha for assessment year 2018-19.

Profit and Loss Account for the year ended 31<sup>st</sup> March 2018

Particular	Amount	Particular	Amount
To Salaries	76,000	By Gross Profit b/d	3,32,000
To Fire Insurance Premium	11,000	By Examination fees	10,000
To Staff Welfare expenses	18,000	By Royalty from books	8,000
To Postage and Telegram	3,000	By Honorarium	50,000
To Interest on proprietors capital	4,000		
To Travelling expenses	37,000		
To Miscellaneous expenses	21,000		
To Repairs and Maintenance	7,000		
To Donation	5,000		
To Advertisement expenses	20,000		

To Reserve for doubtful debts	5,000		
To Depreciation	10,000		
To Sales Tax paid	4,000		
To Advance Income Tax	3,000		
To Income Tax paid	1,000		
To Net Profit	1,75,000		
	4,00,000		4,00,000

Following further information has been provided:

- a) Depreciation as per Income Tax Rules is Rs. 25,000.
- b) Advertisement expenses include Rs. 10,000/- spent on advertising in a magazine published by a political party.
- c) Travelling expenses include personal expenses of Rs. 7,000.
- d) She is physically challenged. (Disability 50%).
- e) She received R~. 10,000 for Interest on Deposits in Savings Accounts

- Q.5 A) Define and explain capital asset and business?  
 B) Explain the provisions U/S 6?

08  
07

Q.5 Write short notes: (any three)

1. Any five items exempt u/s 10.
2. House property deductions
3. Enumerate five incomes which are expressly disallowed while computing income from profits and gains of business or profession.
4. Deductions U/S 80 C and 80 CCC
5. Perquisites

15