

11. Section 80 E covers deduction for payment of \_\_\_\_
- Interest on loan taken for Higher education
  - Donations made to specified funds and charitable institutions
  - Premium Paid for medical insurance
  - Contribution to Provident Fund
12. Unrealised rent is normally adjusted from \_\_\_\_\_
- Gross Annual Value
  - Net Annual Value
  - Municipal Value
  - Standard rent

**Q.1 B State whether the following statements are True or False (any Ten) (10)**

- Residential Status and Citizenship both are not different from each other.
- Income from smuggling is not taxable under the Income Tax Act, as it is illegal.
- Gratuity received by Government employee at the time of his retirement is Partially exempt from tax.
- Municipal taxes are deductible from the Gross Annual Value only when they accrue.
- In case of short-term capital asset (listed shares), the minimum holding period should be 24 months.
- Maximum Deduction U/s 80 C is of Rs. 1,50,000.
- Gift received by a doctor from his patient, in the course of discharge of his profession; is taxable under the head income from Business/ Profession.
- Capital gain arises on transfer of capital asset.
- Income from Self occupied property is either NIL or Negative.
- Interest credited to Recognized Provident Fund in excess of 9.5% p.a is taxable under the head salary.
- If an Individual fails to satisfies both the Basic conditions specified in Sec. 6(1) for residential status determination, he will be treated as Non-Resident.
- Mumbai Mahanagar Palika is Local Authority.

**Q2 A:**

Mr. Khushal works with M/s Pooja Traders. He gives you the following information for the year ended 31<sup>st</sup> March, 2022. (20)

Particulars	Rs.
1. Basic salary	50,000 per month
2. Dearness allowance	15,000 per month
3. Arrears of salary (not taxed earlier)	30,000
4. Bonus received	40,000
5. Conveyance allowance received (Amount spent Rs.15,000)	22,000
6. House rent allowance [Exempt u/s 10(13A) Rs.50,000]	1,20,000 per annum
7 Entertainment allowance received	1,000 per month
8. Perquisite value of Gas, water and Electricity	11,000 per annum
9. Profession tax deducted from salary	2,500 per annum
<b>Other Information:</b>	
10. Interest on term deposits with companies	12,000
11. Dividend received from foreign company	10,000
12. Interest on saving bank account with State bank of India	15,000
13 Royalty received	20,000
14 Director's sitting fees received	25,000
15. Interest received on PPF A/c	18,000
16. He paid medical insurance premium by cheque for self.	22,500

Compute his taxable income for the Assessment year 2022-23

OR

**Q2.B :** Mr. Ram, a physically disabled person (35%), provides you the following details for the Assessment year 2022-23. You are required to compute taxable income under the Income tax Act 1961.

Details of Let out House Property:

Municipal valuation Rs.12,00,000, Fair Rent Rs. 15,00,000, Standard Rent Rs.16,00,000

Monthly rent Rs.1,50,000. Municipal tax paid by Mr. Ram Rs.75,000

Interest on loan taken for the construction of this house property Rs. 5,00,000 for the current previous year.

During the previous year, he has received Interest of Rs.90,000 (on 10% Debentures of Rs. 9,00,000). In addition to this, he received Dividend of Rs.50,000 from a company based in China and also earned interest on savings bank account of Rs. 10000/-.

He has received Rs.10,000 as Award for best article written on Direct taxes. Mr. Ram has paid LIC premium in cash Rs. 50,000. Mr. Ram has won prize money of Rs.2,00,000 from Lottery. He has received Rs.25,000 as Royalty on books. Expenditure in this connection with preparation of manuscript is Rs.2,500 and on purchase of books is Rs. 2000. He has received Rs.5,00,000 on Maturity of LIC policy. He has incurred Rs. 500 towards the purchase price of a lottery ticket. (20)

**Q.3 A :** Mr. Ansh More furnishes you the following information for the year ended 31-03-2022.

**Profit and Loss Account for the year ended 31st March, 2022**

Expenses	Rs.	Income	Rs.
To Salaries	2,40,000	By Gross Profit	8,00,000
To Printing and Stationery	20,000	By Winning from Lotteries	1,50,000
To Travelling & Conveyance	30,000	By NSC Interest Accrued	10,000
To Rent	60,000	By Dividend from Indian Company (TDS of Rs.2000)	40,000
To Entertainment Expenses	15,000		
To Advertisement Expenses	45,000		
To Depreciation	32,000		
To Advance Income Tax	10,000		
To Wealth Tax	8,000		
To Embezzlement by an employee	20,000		
To Drawings	88,000		
To Staff Welfare Expenses	65,000		
To Net Profit	3,67,000		
Total	10,00,000	Total	10,00,000

Other Information:

- Salaries Include Rs. 40000/- paid to his friend. The same is considered as reasonable as per Income tax Rules.
- Depreciation allowable as per Income Tax Rules is Rs. 42,000.
- Half of the Rent is attributable towards his residential flat.
- Staff Welfare expenses include 15,000 incurred for medical treatment of his physically handicapped elder brother (60%), who is also financially dependent on him.
- He spent Rs.1,000 for purchase of lottery tickets and invested Rs. 45000 in Pension Fund of LIC. Both the amounts are debited to Drawings above.

You are required to compute his total taxable income for the Assessment Year 2022-23. (20)

OR

**Q.3 B :** Ms. Arpana Dsouza, proprietor of APD and Associates, is a differently abled person with inability to hear (disability 45%), provides you the following information for the year ended 31<sup>st</sup> March 2022.

**Profit and Loss Account for the Year ended 31st March, 2022**

Expenses	Rs.	Income	Rs.
To Salaries	12,50,000	By Gross Profit	15,70,000
To Bad Debts written off	10,000	By Income Tax Refund (including Interest 12,000)	80,000
To Printing expenses	11,000	By UTI Dividend	40,000
To Conveyance	30,000	By Gift from a Friend	10,000
To General expenses	43,000		
To GST Penalty	9,000		
To Fire Insurance Premium	24,000		
To Wealth Tax	36,000		
To Depreciation	1,80,000		
To Repairs & Maintenance	87,000		
To Net Profit	20,000		
Total	17,00,000	Total	17,00,000

**Additional Information:**

1. Depreciation allowable as per Income Tax Rules - Rs.1,62,000.
2. General expenses include payment of Rs.32,000, paid in cash on 16-08-2021.
3. Salaries include salary to proprietor - Rs.4,80,000. Out of this salary, he deposited Rs.1,00,000/- in approved tax saver mutual fund.
4. Printing expenses include Rs.8,000 for printing of marriage invitation cards of his brother's son.
5. He paid tuition fees to a school of Rs.15,000 for his school going daughter, which is included in General Expenses.
6. He paid interest of Rs.45,000 on education loan taken from Bank of India for his son, pursuing post-graduate degree in medicine from University of Mumbai.

You are required to compute his total Taxable Income for the Assessment Year 2022-23. (20)

**Q.4 A :** Mr Prakash Desai purchased a house Property for Rs 18,40,000 on 5<sup>th</sup> December 1999. He incurs Rs.10000 for registration of the property.

He made further improvement in the financial year 2006-07 and financial year 2013-14, where he constructed second and third floor for Rs 2,50,000 and Rs 5,00,000 respectively.

During the previous year 2021-22, on 12<sup>th</sup> November 2021 he sold the property for Rs 2,85,00,000, and paid brokerage of 2% on the sale value. The fair market value of the property on 1.4.2001 was Rs 18,25,000

He invested Rs 1,50,00,000 in a new residential property on 25-01-2022 and also invested Rs 40,00,000 in REC bonds on 25-03-2022

Compute his Capital Gains for the Assessment Year 2022-23 (10)

Relevant Cost Inflation Indices are as follows :

Previous Year	Cost Inflation Index
2001-02	100
2006-07	122
2013-14	220
2021-22	317

**Q.4 B :** Mr. Peter is a U.K. citizen, He came to India on 1<sup>st</sup> January, 2022 for a visit and was in India till 31<sup>st</sup> March, 2022.

In earlier previous years, the details of his stay in India as follows:

(10)

Previous Year	No. of days stay in India
2014-15	100
2015-16	115
2016-17	185
2017-18	199
2018-19	92
2019-20	24
2020-21	185

Find out his residential status for the Assessment year 2022-23 assuming that he is not a person of Indian origin.

**OR**

**Q.4 C :** Mr Aniket Bhide purchased a house Property for Rs 15,50,000 on 16<sup>th</sup> December 2001.

He constructs a first floor during the financial year 2009-10 for Rs 3,00,000. He made further improvement in the financial year 2015-16 and financial year 2018-19, where he constructed second and third floor for Rs 4,50,000 and Rs 8,00,000 respectively.

During the previous year 2021-22, on 15<sup>th</sup> February 2022 he sold the property for Rs 2,75,00,000, and paid brokerage of 2% on the sale value. The fair market value of the property on 1.4.2001 was Rs 16,25,000

He invested Rs 1,65,00,000 in a new residential property on 25.2.2022 and also invested Rs 55,00,000 in REC bonds on 25-03-2022

Compute his Capital Gains for the Assessment Year 2022-23

(10)

Relevant Cost Inflation Indices are as follows

Previous Year	Cost Inflation Index
2001-02	100
2009-10	148
2015-16	254
2018-19	280
2021-22	317

**Q.4 D:** Mr. Kamlesh has earned the following income during the previous year ended on 31<sup>st</sup> March, 2022.

(10)

Particulars	Rs.
1. Income earned in India but received in Paris	2,00,000
2. Income from business in U.K. controlled from India	1,00,000
3. Salary earned and received in Dubai	75,000
4. Rent received from house in Pune	50,000
5. Income from business in Mumbai, controlled from Sri Lanka	25,000
6. Past untaxed profit earned outside India, brought to India	90,000
7. Savings Bank Interest from State Bank of India, Paris Branch	10,000
8. Agricultural Income from a land in Ireland	80,000

Compute his total income for the assessment year 2022-23 assuming as follows:

- a) He is Resident and Ordinarily Resident
- b) He is Resident but not Ordinarily Resident

**Q.5 A.**

Discuss the exemptions available under section 10 of the Income Tax Act 1961 in respect of:

- a. Commuted Pension
- b. Leave Salary

(10)

**Q.5 B.** State any ten disallowable expenses under the head "Profits/Gains from Business / Profession".

(10)

**OR**

**Q.5 C :** Write Short Notes (Any 4)

(20)

- a) "Deductions" under the head of Salary
- b) Conditions to claim Depreciation under Income Tax Act, 1961
- c) Deduction u/s 80 E of the Income Tax Act, 1961
- d) Concept of Indexation under the head "Capital Gains"
- e) Define : Assessee
- f) Define : Person

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Time: 3 Hrs

Marks 100

Note:

- All Questions are compulsory.
- Figures to the right indicate full marks allotted to the questions.
- Working Notes wherever necessary should form a part of your answer.
- Calculate figures up to the two decimal points wherever required.

Q1 A) Select the most appropriate option and rewrite the full sentence (Any Ten) (10Marks)

1. Prime cost plus Variable Overhead is known as \_\_\_\_\_
  - (a) Production Cost
  - (b) Marginal Cost
  - (c) Total Cost
  - (d) Cost of Sales
2. \_\_\_\_\_ include all direct cost and all indirect cost
  - (a) Total Cost
  - (b) Administration cost
  - (c) Selling cost
  - (d) Prime cost
3. Perpetual inventory system involves \_\_\_\_\_
  - (a) bin card and stores ledger
  - (b) bill of material and material requisition
  - (c) purchase requisition and purchase order
  - (d) inward and outward invoices
4. Material control involves \_\_\_\_\_
  - (a) Only consumption of material
  - (b) Only issue of material
  - (c) Only purchase of material
  - (d) Purchase, storage and issue of material
5. \_\_\_\_\_ discount is offered to purchaser on buying large quantities
  - (a) Credit
  - (b) Cash
  - (c) Seasonal
  - (d) Quantity
6. Time study is for \_\_\_\_\_
  - (a) Measurement of work
  - (b) Fixation of standard time
  - (c) Ascertainment of actual hours
  - (d) Ascertainment of labour cost
7. Normal idle time \_\_\_\_\_
  - (a) can be avoided
  - (b) cannot be avoided
  - (c) can be minimised
  - (d) can be controlled