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| [Time: 3 hours] | | [Marks: 100] |
| Please check whether you have got the right question paper. | | |
| N.B: | <ol style="list-style-type: none"> 1. All questions are compulsory. 2. Figures to the right indicate full marks allotted to the question. 3. Working notes should form part of your answer. 4. Use of simple calculator is allowed. | |

Q.1 A) Fill in the blanks with appropriate answer from the bracket and rewrite the statement. (10)
(Any 10)

1. _____ is liable to pay income tax on his income received in India. (Resident / Non-resident / Both Resident and Non-resident)
2. As per Section 24, Standard deduction allowable on Let out house property is _____. (Rs. 30,000 / Actual amount spent on repairs / 30 percent of NAV)
3. Commuted pension received by a Government employee is _____. (Taxable / Exempt from tax / 1/3 exempt from tax)
4. Gas, electricity or water supply provided free of cost to an employee is _____. (exempt from tax / perquisite taxable in case of 'specified' employees / perquisite taxable in case of all employees)
5. Municipal tax is deducted from _____ of the house property. (Net Annual Value / Gross Annual Value / Municipal Valuation)
6. Sale of residential House Property is taxable under the head _____. (income from House Property / Capital gain / Profit from business or profession)
7. Gift received from father is _____. (Taxable as business income / Non taxable / Taxable as other income)
8. Gratuity received by Government employees is _____. (exempt from tax / taxed as capital gain / taxed as profit and gains of business)
9. Indian citizen leaving India for Employment is considered as resident in India in any previous year if he stays in India for minimum _____ days. (60 / 182 / 365)
10. Salary received by a partner from his firm is regarded as _____. (Profit and gains of business and profession / Income from salaries / Income from other sources)
11. If a residential house property is held for more than _____ it is considered as a long term capital asset. (12 months / 24 months / 36 months)
12. Deduction u/s 80 C is allowed to the maximum of _____. (Rs. 50,000 / Rs. 1,50,000 / Rs. 1,00,000)

B. State whether the following statements are True or False. (Any 10)

1. Income received from smuggling activity is income as per Income Tax Act.
2. Avon Private Limited is a Partnership firm under the Income Tax Act.
3. Examination fees received by a professor of university of which he is an employee is taxable as Salary.
4. Entertainment Allowance received by Government employee is fully taxable.
5. Municipal taxes paid by tenant is allowed as deduction from income from House Property of the owner.

6. Deduction allowed under section 80 D for medical insurance premium paid by the assessee for self, spouse and dependent children, none of whom is senior citizens is Rs. 25,000.
7. Depreciation is allowed as deduction only when it is claimed as per Income Tax Act.
8. Remuneration received by Member of Parliament is taxed as Income under the head income from salary.
9. Past profit which was earned outside India by a non-resident but brought in India in current year is taxable in India in current year.
10. Agricultural income derived from cultivation of land in India is exempt from tax.
11. Gift received from a friend on Friendship Day of Rs. 49,000 during the year is exempt from tax.
12. Brokerage paid on sale of capital asset will reduce the amount of capital gain.

Q.2

Mr. Ram Patil, who has physical disability to the extent of 50%, works with M/s Excel Engineering, Mumbai. He provides the following particulars of his income for the previous year ended on 31st March, 2019. (20)

- 1) Basic Salary Rs. 48,000 per month
- 2) Dearness Allowance Rs. 20,000 per month
- 3) House Rent Allowance Rs. 15,000 per month [Exempt (under section 10) Rs. 9,000 per month]
- 4) Travelling Allowance for business tour Rs. 40,000 (Amount actually spent on travelling Rs. 26,000)
- 5) He was provided with the accommodation by his employer, the perquisite value of which was Rs. 48,000.
- 6) Bonus declared and paid by employer during the year was Rs. 18,000
- 7) Profession Tax paid Rs. 2,500
- 8) Employee's contribution to Provident Fund paid Rs. 52,000
- 9) Leave Encashment Rs. 27,000
- 10) Medical Allowance Rs. 45,000 per year

He is also the owner of two houses, he provides following information about the same:

i) **Let Out property :**

Fair Rent Rs. 24,000 per month, Municipal Valuation Rs. 26,000 per month, Actual Rent Rs. 28,000 per month, Municipal Taxes Rs. 30,000 (paid and borne by the tenant), Interest on housing loan Rs. 25,000

ii) **Self-occupied property :**

Fair rent Rs. 29,000 per month, Municipal Valuation Rs. 32,000 per month, Municipal Taxes paid Rs. 25,000, Interest on Housing Loan Rs. 32,000 loan taken on 1.04.2010

Following further details are provided for the year:

- a) Life Insurance Premium Rs. 25,000
- b) Deposit to Public Provident Fund Rs. 12,000

Compute his taxable income for the Assessment Year 2019-20.

OR

Q.2 A) MR. Mangesh Rajawade is employed with M/s Sahyadri Traders. He gives you the following information for the previous year 2018-19. (10)

1. Basic salary Rs. 6,00,000 per annum
 2. Bonus received Rs. 1,00,000
 3. Children Education Allowance Rs. 5,000 per annum (exempt Rs. 1,200 per annum)
 4. Dearness Allowance Rs. 1,50,000 per annum
 5. Entertainment Allowance Rs. 50,000 per annum
 6. House Rent Allowance Rs. 70,000 per annum (Exempt Rs. 28,000)
 7. Uniform Allowance Rs. 16,000 per annum
 8. Profession Tax Rs. 2,500 per annum paid
 9. Medical insurance paid in cash Rs. 5,000 and paid by cheque Rs. 15,000
 10. Purchase of national Saving Certificate VIII issue Rs. 15,000
- Compute his taxable income for the Assessment Year 2019-20.

Q.2 B) Mr. Jones owns the following houses that are used for residential purposes. The details of his houses are given below. Compute his income from house property for the assessment year 2019-20. (10)

| Particulars | I (Self Occupied) | II (Let - out) | III (Let - out) |
|----------------------------|--|--|--|
| Standard Rent (p. a.) | 1,80,000 | 2,40,000 | 2,88,000 |
| Fair Rent | 20,000 p.m. | 16,000 p.m. | 26,000 p.m. |
| Actual Rent | - | 2,16,000 p.a. | 23,000 p.m. |
| Municipal valuation (p.a.) | 1,68,000 | 2,15,000 | 2,50,000 |
| Municipal taxes paid | 8,400 | 5% of Gross Annual Value | 5% of Gross Annual Value |
| Interest on loan Borrowed | 2,20,000 Loan taken on 1.04.2010 | 1,00,000 Loan taken on 1.04.2010 | 1,66,000 Loan taken on 1.04.2010 |

Additional information:-

- 1) The municipal taxes paid on House No. 2 are entirely paid by tenant.

Q.3 A) Siddharth has earned the following income during the previous year ended 31st March 2019. (10)

| Particulars | Amount |
|---|----------|
| 1. Income accrued in France and received in India | 1,00,000 |
| 2. Income from business in U. S. A. controlled from India | 32,000 |
| 3. Profit of a hotel business at South Africa also controlled from South Africa | 30,000 |
| 4. Past non-taxable income brought to India | 38,000 |
| 5. Rent received from a house in Mumbai | 25,000 |
| 6. Income from proprietary business in Mumbai | 30,000 |

Compute his total income for the assessment year 2019-20 assuming, as follows....

- He is a Resident and Ordinarily Resident.
- He is Resident but not Ordinarily Resident.
- He is non-Resident Indian.

Q.3 B) Mr. Suresh purchased a house property of Rs. 2,50,000 on 2nd April, 2001. He made the following additions / alterations to the house property. (10)

Cost of construction of 1st floor in financial year 2003-04 Rs. 1,30,000.

Cost of construction of 2nd floor in financial year 2010-11 Rs. 1,40,000.

He sold above property on 20th October, 2018 for Rs. 25,00,000. He invested Rs. 1,00,000 in Rural Electrification Corporation Limited (RECL) bonds on 30th October, 2018.

The Cost Inflation Index (CII) for financial year are as follows:-

| Financial year | CII |
|----------------|-----|
| 2001-02 | 100 |
| 2003-04 | 109 |
| 2010-11 | 167 |
| 2018-19 | 280 |

April 2013 and came on a visit to India on 1st April 2018. Determine her residential status for the Assessment Year 2019-20.

Q.3 D) Miss Ruchita furnishes the following particulars for the previous year ending 31-03-2019 and requests you to compute the taxable capital gain for assessment year 2019-20. (10)

- She had a Residential house purchased on 01-04-2001 for Rs. 5,00,000.
- In the year 2012-13 further construction and improvement cost was incurred Rs. 60,000
- On 10-05-2018 the house was sold for Rs. 50,00,000. Expenditure in connection with the transfer Rs. 5,000
- On 13-12-2018 she purchased new residential house for Rs. 25,00,000.
- She deposited Rs. 25,000 in eligible bonds issued by Rural Electrification Corporation Limited (RCEL) on 20-09-2018.
- Cost inflation index (CII) for financial year are as under:

| Financial year | CII |
|----------------|-----|
| 2001-02 | 100 |
| 2012-13 | 200 |
| 2018-19 | 280 |

Q.4 Mrs. Manisha is the proprietor of XYZ & Co. Following is the Profit and loss account for the year ended 31st March 2019: (20)

| Particulars | Rs. | Particulars | Rs. |
|--------------------------------------|-----------|--|-----------|
| To Salaries | 2,15,000 | By Gross Profit | 12,75,300 |
| To Conveyance | 23,050 | By Income Tax Refund | 35,700 |
| To General expenses | 22,900 | By Agricultural Income from cultivation of land in India | 45,000 |
| To Interest paid | 50,000 | By Rent from House Property (LOP) | 1,80,000 |
| To GST (Goods and Service Tax) | 69,000 | By Interest on Saving Bank Account | 13,000 |
| To Municipal Taxes on House Property | 18,000 | By Share of Profit from Partnership firm | 65,000 |
| To Advertisement expenses | 25,000 | | |
| To Staff Welfare | 18,050 | | |
| To Depreciation | 28,000 | | |
| To Stationary expenses | 20,000 | | |
| To Net profit | 11,25,000 | | |
| Total | 16,14,000 | | 16,14,000 |

Additional information:

- General expenses includes Rs. 15,000 Paid as contribution to LIC Pension Fund.
- Interest paid includes Rs. 28,400 interest on Housing Loan paid to Nationalized Bank.
- GST includes Rs. 10,000 paid towards penalty for delay in filling of returns
- Income Tax refund includes interest on income tax refund Rs.5,700.

Compute the Net Taxable Income of Mrs. Manisha for the Assessment Year 2019-20.

OR

Q.4 Mr. Mahesh is the proprietor of LMN & Co. Following is the Profit and loss account for the year (20) ended 31st March 2019:

| Particulars | Rs. | Particulars | Rs. |
|---------------------------|-----------|----------------------------|-----------|
| To Salaries to staff | 3,95,000 | By Gross Profit | 10,00,500 |
| To Rent | 87,000 | By Interest on PPF | 25,000 |
| To Printing expenses | 22,900 | By Salary from Patel & Co. | 6,72,000 |
| To General expenses | 65,000 | By Old bad debt recovered | 17,500 |
| To Interest paid | 69,000 | By Gift from father | 25,000 |
| To Advertisement expenses | 18,000 | | |
| To Conveyance | 32,100 | | |
| To Office Expenses | 25,000 | | |
| To Motor car expenses | 10,500 | | |
| To Life Insurance Premium | 18,000 | | |
| To Depreciation | 32,500 | | |
| To Net profit | 9,65,000 | | |
| Total | 17,40,000 | | 17,40,000 |

Additional information:

- Motor car expenses includes personal motor car expenses to the extent of 25%.
- Depreciation as per Income Tax Rules is Rs. 28,700.
- Old bad debts recovered in respect of which deduction is not allowed in the past.
- Interest paid includes Interest of Rs. 22,000 on loan for higher education of his Son.
- Mr. Mahesh is also in service with M/s. Patel & Co. and the details regarding salary received are as under:
 - Basic salary Rs. 20,000 per month
 - Dearness Allowance Rs.25,000 per month
 - House Rent allowance received Rs.5000 per month (exempt to the extent Rs. 2000 per month).
 - Bonus Rs.48,000
 - Entertainment Allowance Rs. 2,000 per month.
 - Professional Tax paid Rs.2,500.

Compute the Net Taxable income of Mr. Mahesh for the Assessment Year 2019-20.

- Q.5 A) Discuss the provision of Income Tax Act, 1961 regarding Residential status of an Individual. (10)
 B) Define and explain 'Person' and 'Previous year' as per Income Tax Act, 1961. (10)

OR

Q.5 Write short notes (Any four) (20)

- Gross Annual Value
- Allowable depreciation from profit and gains business and profession.
- Deductions U/S 80 C.
- Perquisites under Income from salaries.
- Deemed to be let out property.
- Income from other sources.

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