

[Time: 2 ½ Hours]

[Marks: 75]

- N.B.**
- 1) Q. 1 is compulsory.
 - 2) Q.2 to Q.5 are compulsory with internal choice.
 - 3) Figures to the right indicate full marks.
 - 4) Workings should form part of your answer.
 - 5) Use of simple calculator is allowed.

Q.1 (A) Choose correct alternative and rewrite the statement: (Any 8) (8)

1. The Income Tax Act extends to _____ of India.
 - a) Citizens
 - b) Union Territories
 - c) Whole
 - d) States
2. The financial year in which the income is earned is called as _____.
 - a) Assessment year
 - b) Present year
 - c) Current year
 - d) Previous year
3. University of Mumbai is assessable under the Income Tax Act as _____.
 - a) An Individual
 - b) A local Authority
 - c) An Artificial Juridical Person
 - d) A Company
4. Fees for services rendered in India but received in USA, taxable in case of _____.
 - a) Resident and Ordinary Resident
 - b) Resident but not Ordinary Resident
 - c) Non – Resident
 - d) All of the above
5. Commuted Pension received by a government employee is _____.
 - a) Fully Exempt
 - b) Fully Taxable
 - c) Partially taxable
 - d) Partially Exempt
6. Maximum amount of deduction for entertainment allowance is _____.
 - a) Rs. 2,500
 - b) Rs. 5,000
 - c) Rs. 10,000
 - d) Rs. 25,000

7. Municipal Taxes is deducted from _____.
 - a) Net Annual Value
 - b) Gross Annual Value
 - c) Municipal Valuation
 - d) None of the above
8. If any asset is used for more than 180 days in the year of purchase, the depreciation rate will be _____ of the normal rate.
 - a) 50%
 - b) 75%
 - c) 100%
 - d) 25%
9. Capital gain arises from the transfer of _____.
 - a) An asset
 - b) Any fixed assets
 - c) Only House property
 - d) A Capital asset
10. Ms. Saroj is a person with a physically disability of 85%. She is entitled to a deduction under section 80U of _____.
 - a) Rs 75,000
 - b) Rs 1,25,000
 - c) Rs. 2,50,000
 - d) Rs. 50,000

Q.1 (B) State whether given statements are True or False: (Any 7) (7)

1. The financial year immediately preceding the assessment year is the previous year.
2. An Indian company is always resident in India.
3. Uncommuted pension is always taxable.
4. There are 5 heads of Income under Income Tax Act, 1961.
5. Family pension received by a widow of a deceased employee is income from other sources.
6. Municipal tax paid by owner is allowed as deduction from deemed to be let out property.
7. Provision for Doubtful Debts can be deducted from profits of business.
8. In case of short-term capital asset, indexation is applicable.
9. Gift received by an individual on occasion of marriage is fully taxable.
10. The quantum of deduction allowed under section 80D shall be limited to Rs. 1,50,000.

Q.2 A) Identify the Legal Status of the following persons under Income Tax Act [5]

1. Mr. Virat Kolhi
2. Adani Enterprises Ltd.
3. Thane Municipal Corporation
4. Amrut Co-op. Housing Society
5. Bank of Baroda

B) Mr. Peter Sunderland was born in UK in the year June, 1990. He came to India for the first time on 1st April 2017 and started business in India. He went back to UK on 10th Aug, 2021. He again came back to India on 14th November, 2021 and returned to his country UK, on 28th January, 2022. [10]

Determine his residential status for the Assessment Year 2022-23.

OR

- Q.2** Mrs. Rose, a UK Citizen had the following income during the year ended on 31st March, 2022: **(15)**

		Rs.
1.	Income from House property in India	5,00,000
2.	Interest on debentures of Indian company, received in Switzerland	70,000
3.	Interest from bank account in India	11,000
4.	Income from business in France, being controlled from India	7,00,000
5.	Interest on Bank Account in UK	39,000
6.	Salary earned and received in Germany	3,50,000
7.	Rent from property in London received in India	4,50,000
8.	Dividend from Australian Company received in India	50,000
9.	Past untaxed profits earned in UK brought to India during the previous year	2,50,000

Compute her Total Income for the A.Y. 2022-23, if she is:

(i) A Resident; (ii) A Resident but Not Ordinarily Resident (iii) Non-Resident

- Q.3** Mr. Deven Mhapralkar works with Fitness21 Pvt. Ltd. as Marketing Executive. He gives you following information for the year ended 31st March, 2022. **(15)**

Particulars	Amount (Rs.)
Basic Salary (Gross)	7,50,000
Dearness Allowance	2,50,000
Arrears of Salary received	1,20,000
Reimbursement of Medical expenses	94,500
House Rent Allowance received [Exempt u/s 10(13A) Rs. 30,000]	70,000
Conveyance allowance received [Amount spend for official purpose Rs. 28,000]	35,000
Commission on Sales	2,26,000
Profession Tax deducted from Salary	2,500

Other Information:

Interest on Debentures received from Torrent Power Ltd. Rs. 44,000

Interest received from Government Securities Rs. 58,000

Dividend received from Bank of Baroda Rs. 15,000

He spent Rs. 34,000 on medical treatment of his dependent handicapped brother (50% disability). He paid Medclaim premium of Rs. 38,654 by credit card on health of himself, spouse and son.

Compute his Taxable Income for the Assessment Year 2022-23.

OR

- Q.3** Mr. Shekar Salunke owns two houses. The particulars of his income for previous year 2021-22 is as follows: (15)

Particulars	House I (Self-Occupied)	House II (Let Out Property)
Fair rent	6,00,000	8,00,000
Municipal Valuation	6,20,000	8,10,000
Rent received	-	8,50,000
Municipal Taxes Paid	50,000	60,000
Fire insurance premium paid	10,000	12,000
Repairs	20,000	30,000
Interest paid on loan taken for construction of house property	1,50,000	1,60,000
Date on which loan taken	26-08-2014	25-10-2013

Other information:

- | | |
|---|------------|
| 1) Royalty on books written by him | Rs. 50,000 |
| 2) Winning from lottery | Rs. 25,000 |
| 3) Interest on Saving Bank A/c with Axis Bank | Rs. 6,000 |
| 4) Interest on P.P.F. | Rs. 8,000 |

He had taken a loan from Axis Bank for higher education of his daughter pursuing post-graduation diploma in Business Management from University of Mumbai for which he paid interest of Rs 40,000 during the year.

Compute his Taxable Income for the Assessment Year 2022-23.

- Q.4** Following is Profit & Loss Account of Mrs. Harsha Jadhav who is physically handicapped (45% disability) for the year ended 31st March, 2022. (15)

Particulars	Rs.	Particulars	Rs.
To Staff Salaries	3,20,000	By Gross Profit	14,29,000
To Printing & Stationery	50,000	By Winning from lotteries	30,000
To Conveyance	60,000	By Gift from friend	51,000
To Rent	48,000	By Dividend from Indian Co.	20,000
To Depreciation	64,000		
To Entertainment expenses	30,000		
To Advertisement	90,000		
To Audit Fees	20,000		
To Embezzlement by Employee	4,000		
To Drawings	56,000		
To Staff welfare expenses	1,70,000		
To Income Tax	20,000		
To Net Profit	5,98,000		
	15,30,000		15,30,000

Additional Information:

- 1) Depreciation allowable as per Income Tax Rules Rs 70,000.
- 2) Advertisement includes advertisement of Rs. 12,000 in a Souvenir published by a political party.
- 3) Half of the Rent is for her residential flat.

You are required to compute her Taxable income for the assessment year 2022-23.

OR

Q.4 Mr. Manohar Pawaskar acquired a residential property for Rs. 1,50,000 on 15th August 1990. Additional information pertaining to property was as follows. **(15)**

- a) Fair market value as on 1-4-2001 was Rs. 18,50,000
 b) Cost of improvement are as follows:

Financial year	Rs.
1995-96	55,000
2011-12	1,20,000
2015-16	5,00,000
2019-20	12,50,000

- c) He sold residential property on 15th August, 2021 for Rs 2,30,00,000
 d) He acquired new residential house for Rs. 1,00,00,000 on 16-03-2022.
 e) Expenses on transfer amounted to Rs 2,30,000.

Relevant Cost Inflation Indices are as follows:

Financial Year	Cost Inflation Index
2001 – 02	100
2011 – 12	184
2015 – 16	254
2019 – 20	289
2021 – 22	317

Compute the Capital Gains of Mr. Manohar Pawaskar for Assessment year 2022-23.

- Q.5** (a) Define and explain the term ‘Person’ under the Income Tax Act, 1961. **(8)**
 (b) Discuss the provisions of Income Tax Act, 1961 regarding Residential Status of an Individual. **(7)**

OR

Q.5 Write short notes on (any three): **(15)**

- 1) Deduction U/s 80D.
- 2) Income from Let Out Property.
- 3) Remuneration to Partners.
- 4) Long term Capital Gain.
- 5) Deduction U/s 16 from Salary Income.
