

T.Y.B.Com (A & F)

Taxation - III

QP Code : 28497

(2½ Hours)

[Total Marks : 75]

- N.B. : (1) All question are compulsory with internal options.
(2) Each question carries 15 marks.
(3) Working notes forms part of answer.
(4) Use of simple calculator is allowed.

1. (A) Match the Column (any Eight)

Column 'A'	Column 'B'
(a) Capital expenditure	(1) Deductible as expenditure when paid
(b) Deduction from gross total income	(2) Taxable for Ordinary Resident, Non Ordinary Resident and Non Resident
(c) Bouns to employee	(3) Non Taxable for Non Ordinary Resident and Non Resident
(d) Interest on Education Loan	(4) Taxable for Non Ordinary Resident and Non Resident
(e) Fees for technical services paid abroad	(5) Not allowed as business expenses
(f) Interest on Loan taken in 2011 in case of Self Occupied Property	(6) Sec 10
(g) Interest on Loan taken in 2011 in case of let out Property	(7) Sec 80
(h) Grautuity	(8) Fully Exempted for Govt. Employee
(i) Income received in India	(9) No Limit
(j) Foreign Business income controlled from India	(10) Deductable if tax is deducted source
	(11) Limit ₹ 1,50,000
	(12) Deductible U/s 80E

1. (B) State whether the following are True / False (any Seven)

- (a) HUF is said to be resident in India if the control and management of its affairs is situated in India.
(b) A foreign Company, which has its control and management situated in India shall be treated as resident in India.

TURN OVER

ZV-Con. 704-16.

- (c) Legal status of Siddhivinayak Devsthan trust is individual.
 (d) Municipal tax payable is allowed as deduction from GAV of let out property.
 (e) Income Tax paid is not allowed as deduction in case of income from business.
 (f) Deduction U/s 80D is allowed only for individual.
 (g) Un-commuted pension is always taxable.
 (h) Investment in PPF is allowed as deduction U/s 80CCC.
 (i) Bad debts allowed as deduction in preceding year and recovered in previous year is considered as Income from Business / Profession.
 (j) Limit for deduction U/S.16 in case of professional Tax is ₹2000.

2. Mr. Sham provides the following Profit and Loss account for the year ended 15 31.03.2015.

Profit and Loss Account for the year ended 31st March, 2015

Particulars	₹	Particulars	₹
To Salaries	1,30,000	By Gross Profit	7,67,000
To Rent	30,000	By U.T.L. Dividend	9,000
To Printing and Stationery	25,000	By Income from LIC Mutual Fund	5,000
To Advertisement Expenses	50,000	By Gift from Mother	5,000
To Entertainment Expenses	18,000	By Winning from Cross Word Puzzle	12,000
To Motor Car Expenses	30,000	By Interest on National Saving Certificates	3,000
To Personal Drawings	60,000		
To Embezzlement by an Employee	7,000		
To Staff Welfare Expenses	70,000		
To Donations	30,000		
To Depreciation	35,000		
To Income Tax	16,000		
Net Profit	3,00,000		
Total	8,01,000	Total	8,01,000

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Additional Information :

- (1) Depreciation as per Income Tax Rule is ₹38,000.
- (2) Staff welfare expenses include ₹20,000 for his own medical treatment.
- (3) 50% of the rent is paid for his residential house.
- (4) Printing includes ₹5,000 paid for printing marriage cards for his daughter's marriage.

Compute the net taxable income of Mr. Sham for Assessment year 2015-2016.

OR

2. Rehan furnishes you with the following revenue statement for the year ended 31st March 2015. 15

Particulars	₹	Particulars	₹
Opening Stock	22,000	Sales	7,00,000
Purchases	4,00,000	Closing Stock	31,500
Salaries, wages & bouns	1,00,000	Interest on Securities	15,000
Commission to salesmans	39,000		
Office Expenses	7,000		
Depreciation (10% on Straight Line Method)	30,000		
Income Tax	4,000		
Interest on overdraft from bank	13,000		
LIC premium paid	12,000		
Net Profit transferred to capital A/c	1,19,500		
Total	7,46,500	Total	7,46,500

Rehan inform you that :

- (a) Purchases includes purchase of machinery costing ₹40,000.
- (b) During the year :
 - (i) He had distributed goods costing ₹ 5,000 as free samples.
 - (ii) He had taken goods costing ₹12,000 for personal use.
 - (c) Bank overdraft was taken for business purpose.

TURN OVER

QP Code : 28497

4

- (d) Opening written down value of machines under the Income Tax Act 1961 is ₹1,00,000 and the rate of depreciation on the machine allowable under Income Tax Act 1961 is 15% p.a.
- (e) Office expenses include ₹5000 paid as medical insurance premium. Rehan asks you to compute his net total income for A. Y. 2015-16.

3. Mr. Kanade is employed as a Lecturer in Modern College. He furnishes the following information for the year ending 31st March 2015. 15

- | | |
|--|--------------|
| (i) Gross Salary received | ₹30,000 p.m. |
| (ii) Leave Salary received (Fully Taxable) | ₹15,000 |
| (iii) Bonus received | ₹30,000 |
| (iv) Arrears of Salary received for preceding 2 years in March, 2014 | ₹1,50,000 |
| (v) Profession Tax deducted from salary | ₹200 p.m. |
| (vi) Examiner ship remuneration from college | ₹7,500 |
| (vii) He spent ₹4,500/- for purchase of books for his employment. | |
| (viii) He took a Medical Insurance Policy from GIC on 31 st March, 2015 by paying a premium of ₹10,000/- in cash. | |
| (ix) He paid ₹45000 as an interest on education Loan taken for his daughter. | |
| (x) He received ₹30,000 by winning from lottery. | |

Mr. Kanade is a handicapped person to the extent of 85%. Compute his net taxable income for the Assessment Year 2015-16.

OR

TURN OVER

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3. Mr. Lohit furnishes the following information of his income and investments for the previous year 2014-15. Information regarding his house property. 15

Particulars	House 1 (Letout) ₹	House 2 (SOP) ₹
Fair Rent	90,000	60,000
Gross Municipal valuation	80,000	50,000
Rent received	1,00,000	-
Municipal Taxes :		
(i) Paid by the Tenant	5,000	
(ii) Paid by the Owner	10,000	10,000
Interest (due but not paid) on capital borrowed for construction of house property	20,000	20,000

Other information :

- (1) He received interest from debentures in Tata Steels Ltd. ₹25,000 and on NSC ₹5000.
 (2) He received Dividend from UTI ₹5,000.
 (3) He paid premium of ₹25,000 towards approved pension plan of LIC of India.
 Compute the Net Taxable Income of Mr. Lohit for the A.Y. 2015-16.

4. Miss Madhura's income under the head Income from house property was ₹3,62,000 15
 particulars of her other incomes and payments are as follows:

Interest on State Government Securities	₹3,000
Dividend from foreign Companies	₹9,750
Interest on deposits in PPF A/c	₹4,080
Income from units of U.T.I.	₹12,000
Income from interest on fixed deposits with bank of India	₹20,000
Income from interest on saving bank account with bank of India	₹5,000
Repayment of Principal component of loan taken from Scheduled bank for SOHP	₹60,000
Investment in NSC	₹50,000

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Tuition fees for 3 Children ₹20000 each doing their Graduation from Mumbai University.

Compute the net taxable income for the assessment year 2015-16.

OR

4. Shri Ramkumar furnishes the following information about his stay in India and Income earned during the previous year 2003-04 to 2013-14 which is as follows : 15

Financial Year	No. of Days stay	Financial Year	No. of Days stay
2003-04	366	2009-10	178
2004-05	365	2010-11	65
2005-06	365	2011-12	62
2006-07	110	2012-13	70
2007-08	182	2013-14	100
2008-09	67		

Income Details :

Income from Salary	₹4,50,000
Dividend from Foreign Company	₹10,000
Profit from business in UK controlled from India	₹2,50,000
Agriculture Income in India	₹55,000

Determine his residential status and net taxable income for the Assessment year 2015-16.

5. (a) Define and explain "Person" as per Income Tax-Act 1961. 7
(b) Enumerate Eight items of income to exempted from Tax U/S 10 of Income Tax-Act 1961. 8

OR

5. Write short notes on : 15
(a) Deductions U/s 24.
(b) Residential Status of an individual.
(c) Pension.