

Tax

QP Code : 73939

[Revised Course- CBSGS-75/25 Pattern]

(2 ½ Hours)

[Total Marks : 75]

- N.B. : (1) All questions are compulsory
(2) Figures to the right indicate maximum marks .
(3) Workings should form part of the main answer.

- 1 (a) Fill in the blanks with appropriate words (any 8) 8
- (i) Remuneration received by a Member of Parliament (MP) is taxable under the head Income from _____.
 - (ii) An Asset has to be put to use for atleast _____ days in order to be eligible to claim depreciation at full rate, as applicable
 - (iii) Medical Insurance Premium is eligible for deduction under section 80D upto a maximum of Rs _____, in case of senior citizen.
 - (iv) Bonds of Mahindra Ltd., held for 24 months are _____ Capital Assets.
 - (v) Gratuity received by non-government employees, who are not covered under the Payment of Gratuity Act, is exempt upto a maximum of Rs _____.
 - (vi) Dividend received on shares of Co-operative Society is _____.
 - (vii) Re-imbusement of medical expenses to an employee is exempt upto a maximum of Rs _____.
 - (viii) Interest on borrowings of Rs 500,000/- for a Deemed to be Let-Out Property is eligible for a deduction upto Rs _____.
 - (ix) Jewellery to be regarded as a Long-Term Capital Asset, should be held for period more than _____ months.
 - (x) Residential Status of an Indian Company is _____ in India.
1. (b) State whether the following statements are TRUE or FALSE, as per the provisions of Income Tax Act, 1961 for Assessment Year: 2016-17 (any 7) 7
- (i) Rental Income from an open plot of land is taxable under the head 'Income from Other Sources'
 - (ii) Commuted Pension received by a Government Employee is fully exempt
 - (iii) Duty Drawback received by an exporter is taxable under the head 'Income from Other Sources'
 - (iv) Stock of finished goods of a business, is not a capital asset
 - (v) Deduction under section 80U, available to a physically handicapped individual, is allowed to a non-resident

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- (vi) Deduction under section 80 CCC, together with Section 80C, is allowed upto a maximum of Rs 300,000/-
- (vii) Asset purchased and put to use on 1st January, 2016 will be eligible for depreciation claim, as applicable, at normal rate
- (viii) Gifts received exceeding Rs 50,000 from a non-relative is not taxable
- (ix) Residential Status of an Individual is determined based on physical presence in India of such Individual
- (x) Income earned in India by a Non-Resident Individual is not taxable in India

2. Mr Rahul, who is physically disabled to the extent of 65%, works in X Ltd, a private company. From the following particulars of Income provided for the previous year ended 31st March, 2016, you are required to compute the net taxable Income for Assessment Year: 2016-17

Sr No	Particulars	Amount (Rs)
1	Basic Salary ₹	7,00,000
2	Dearness Allowance ₹	3,00,000
3	House Rent Allowance [Exempt upto Rs 29,000] ₹	90,000
4	Re-imbursment of Medical Expenses ₹	22,000
5	Perquisite Value of Motor Car, provided by the Employer for official as well as personal use ₹	40,000
6	Entertainment Allowance Received ₹	60,000
7	Profession Tax Paid ₹	2,500
Other Information-		
8	Director's Sitting Fees received ₹	100,000
9	Dividend from Foreign Company ₹	30,000
10	Dividend from Mutual Fund ₹	25,000
11	Best Citizen Award received from Government ₹	10,000
12	He paid Medical Insurance Premium for Self ₹	22,500

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2. Mr Prem provides following particulars of his Income for the previous year ended 31st March, 2016. You are required to compute the net taxable Income for Assessment Year: 2016-17

Sr No	Particulars of owned house	House A (Self-Occupied) Rs	House B (Let-Out) Rs
1	Municipal Valuation (per month)	30,000	40,000
2	Rent Received (per month)	0	30,000
3	House B was vacant for 2 months		
4	Municipal Tax:		
	- Paid by tenant	0	15,000
	- Paid by owner	10,000	30,000
5	Interest on Borrowed Capital :		
	- Paid during the year	20,000	60,000
	- Outstanding on 31/3/16	5,000	60,000
6	Maintenance Charges	12,000	18,000
	Other Information-		Amount (Rs)
7	Interest on Deposits with Bank		75,000
8	Interest on savings account with bank		12,500
9	Interest on Government Securities		14,000
10	Interest on Debentures		45,000
11	Interest from Public Provident Fund		1,50,000
12	He invested Rs 100,000 into Public Provident Fund Account		

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3. Mr Moghe provides the following information for the previous year ended 31st March, 2016. You are required to compute his net taxable income for the Assessment Year: 2016-17

Profit and loss Account for the year ended 31st March, 2016

Particulars	Rs.	Particulars	Rs.
To Rent X	30,000	By Gross Profit X	7,00,000
To Salaries X	1,60,000	By Interest on Bonds less 95	50,000
To Motor Car Expenses X	25,000	By Dividend from Indian Companies less	15,000
To Life Insurance Premium	60,000		
To Income Tax Add	26,000		
To Printing & Stationery X	10,000		
To Conveyance X	36,000		
To Depreciation Add	35,000		
To Donations Add	25,000		
To Net Profit 10 P	4,33,000		
TOTAL	8,40,000	TOTAL	8,40,000

Additional Information -

- (X) Salaries include Rs 40,000 paid to Mr Moghe's son. The amount is considered reasonable based on his qualification and experience
- (2) Depreciation as per Income Tax Rules is Rs 38,000
- (X) 40% of Rent paid is attributable towards his residence
- (X) He paid Medical Insurance Premium for Self Rs 10,000 & Spouse Rs 8,000
- (X) He received Maturity Proceeds of Life Insurance Policy Rs 20,000

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3. Mr Datey provides the following information for the previous year ended 31st March, 2016. You are required to compute his net taxable income for the Assessment Year: 2016-17

Profit and Loss Account for the year ended 31st March, 2016

Particulars	Rs	Particulars	Rs.
To Rent	90,000	By Gross Profit	12,20,000
To Salaries	3,60,000	By Income Tax Refund	95,000
To Motor Car Expenses	70,000	By Rent from House Property	2,00,000
To Life Insurance Premium	1,00,000	By Duty Drawback	65,000
To Municipal Tax paid for house property	20,000		
To Interest on loan	50,000		
To Repair Expenses	32,000		
To Depreciation	20,000		
To Net Profit	8,38,000		
Total	15,80,000	Total	15,80,000

Additional Information-

- (1) Repair Expenses include Rs 12,000 paid for rented house property
 - (2) Depreciation as per Income Tax Rules is Rs 25,000
 - (3) Life Insurance Premium is paid for his spouse
 - (4) Interest on Loan is towards Rs. 30,000 for Rented House property and balance RS. 20,000 for education Loan of his daughter, who is pursuing Fashion Designing Course from a recognized institution.
4. (a) Mr. Ranade provides the following particulars of assets transferred by him during the previous year ended 31st March, 2016. You are required to compute his Income from Capital Gains chargeable to tax for Assessment Year: 2016-17

A residential house in Delhi, which was purchased on 11th November, 2000 at a cost of Rs 14,54,000 and was sold on 16th January 2016 for Rs 146,50,000. He incurred transfer expenses of Rs 50,000

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Mr. Ranade made the following investments out of the capital gains arising on sale of his residential house -

- (i) Purchased a residential flat in Bangalore on 26th March, 2016 for Rs 75,00,000
- (ii) Purchased 3 year bonds issued by Rural Electrification Corporation (REC) for Rs. 10,00,000 on 16th February, 2016

Cost Inflation Index for FY 2000-01 = 406; FY 2015-16 = 1081.

4. (b) Mr Becker, a German citizen, came to India for the first time on 1st April, 2011 and started a business in Kerala. He went out of India on 1st April, 2015 and came back to India on 1st January, 2016. Determine his Residential Status for Assessment Year 2016-17 8

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4. Mr Harsolar has earned the following incomes during the previous year ended on 31st March, 2016. Compute his Gross Total Income for Assessment Year 2016-17 assuming that he is- 15
- (a) Resident and Ordinarily Resident
 - (b) Resident but not Ordinarily Resident
 - (c) Non-Resident

Sr No	Particulars	Amount Rs.
1	Payments received in Dubai for services rendered in Japan	₹ 1,20,000
2	Amount brought to India out of past untaxed profits earned in England	NO 5,40,000
3	Income from business in Germany, controlled from India	₹ 2,30,000
4	Interest Income earned and received in India	All 1,90,000
5	Royalty Income received from Indian Companies	All 3,50,000
6	Income from Agriculture in Sri Lanka	₹ 1,45,000
7	Dividend from Japanese Company, received in India	All 1,50,000
8	Rent from house in Pune, received in Singapore	All 1,80,000

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5. (a) State and Explain, in brief, the deductions available under the head 'Income from Salary' ?
5. (b) Discuss the provisions of Income Tax Act, 1961 for determination of Residential Status of an Individual ?

OR

5. Write Short Notes (any 3)
 - (i) Net Annual Value
 - (ii) Perquisites
 - (iii) Long-Term Capital Asset
 - (iv) Agricultural Income
 - (v) Person

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