

[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. Every assessee is a person and \_\_\_\_\_  
 (a) Every person is also an assessee  
 (b) Every person need not be an assessee  
 (c) An individual is always an assessee
  2. The Legal status of Ms. Hima Das, Indian sprint runner is \_\_\_\_\_  
 (a) an individual (b) a body of individuals (c) a sportsman
  3. Total income of a person is determined on the basis of \_\_\_\_\_  
 (a) Citizenship  
 (b) Residential Status  
 (c) Both Citizenship and Residential Status
  4. Uncommuted Pension received by a Government employee is \_\_\_\_\_  
 (a) Exempt (b) Taxable (c) Partly Exempt
  5. Mr. Kaustubh, a Chartered Accountant lets out his ownership office to another Chartered Accountant, rent received by him is \_\_\_\_\_  
 (a) Income from Business  
 (b) Income from House Property  
 (c) Income from Other Sources
  6. Donation to Chief Minister's Relief Fund is \_\_\_\_\_  
 (a) Allowed as business expenditure  
 (b) Not allowed as business expenditure  
 (c) Partly allowed as business expenditure
  7. Cost inflation index is applicable when there is \_\_\_\_\_  
 (a) Long term capital gain (b) Business income (c) Short term capital gain
  8. Dividend received is exempt if it is received from \_\_\_\_\_  
 (a) An Indian Company (b) A Co-operative Bank (c) Any Company
  9. Gift received from brother Rs 1,00,000 is \_\_\_\_\_  
 (a) fully taxable (b) fully exempt (c) Exempt up to Rs 50,000
  10. Mr. Anil is a person with a physically disability of 50%. He is entitled to a deduction under section 80U of \_\_\_\_\_  
 (a) Rs 75,000 (b) Rs 1,25,000 (c) Nil

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

1. An association of persons consists of any person.
2. Family pension received by a widow of a deceased employee is income from other sources.
3. Gratuity received by Government employee on retirement is fully taxable.
4. Capital gain arises on transfer of any asset.

5. Advance salary received by an employee from the employer is not a part of Gross Salary.
6. Past untaxed profits brought into India is always taxable.
7. Provision for Doubtful Debts can be deducted from profits of business.
8. Medclaim premium paid by cash Rs 15,000 is allowed as deduction u/s 80D.
9. Municipal tax paid by owner is allowed as deduction from deemed to be let out property.
10. Mr. Amitabh paid Life Insurance Premium of Rs. 50,000 on behalf of his wife who is dependent on him. He can claim deduction u/s 80C.

**Q.2** Mr. Ganesh Kubal is employed with The New College, Thane. He gives you following information for the year ended 31<sup>st</sup> March, 2019. (15)

Particulars	Rs.
Basic Salary	50,000 per month.
Dearness allowance	60,000 per month
Leave Salary	20,000
Perquisite value of Rent-Free House	24,000 per annum
Arrears of salary (Not taxed earlier)	1,60,000
Examination Remuneration received from his college	15,000
Examination Remuneration received from Mumbai University	8,500
Profession Tax Deducted from salary	Rs. 200 per month

**Other Information:**

- a) He received Royalty from writing books Rs. 26,000. Expenses on typing, stationery etc. were Rs. 2,000
- b) He received Honorarium from Sandip Management Institute as a visiting lecturer Rs. 5,000. Conveyance for visiting the institute Rs. 600
- c) He received Best Teacher Award of Rs 21,000 from State Government.
- d) He received cash gift from father-in-law Rs. 51,000 on his anniversary on 15-03-2019.
- e) He purchased National Savings certificates VIII worth Rs 50,000 & paid LIC premium of Rs 60,000 for a policy of Rs. 6,00,000 issued on 1-4-2011.
- f) He had a taken a loan from Bank of India for higher education of his daughter pursuing Engineering from IIT, Roorkee. For which he paid interest of Rs 60,000 during the year.

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

**OR**

**Q.2** Mrs. Riya Ghosh has earned the following incomes during the financial year ended on 31<sup>st</sup> March, 2019. Compute her Gross Total Income for the assessment year 2019-20. (15)

- a) Resident and Ordinary Resident
- b) Resident but not Ordinarily Resident
- c) Non-Resident

Particulars	Rs
1. Payments received in U.K., for services rendered in Korea	3,00,000
2. Income from agriculture in Bangladesh	1,50,000
3. Dividend from German Company, received in India	60,000
4. Interest income earned and received in India	1,70,000
5. Income from business in Japan, controlled from India	2,50,000

6. Royalty Income received from Indian Companies	1,80,000
7. Rent from house in Kolkata, received in Korea.	3,00,000
8. Amount brought to India, out of past untaxed profits earned in London	1,50,000

**Q.3** Mrs. Anjali Kapoor is a physically disabled person (60% disability). She gives you the following information for previous year 2018-19. (15)

Particulars	House I	House II
	Self-occupied	Let Out
<b>Nature of occupancy</b>		
Fair Rent	2,00,000	3,00,000
Municipal Valuation (per month)	17,500	26,000
Rent Received (per month) (House no 2. was vacant for 3 months)	Nil	35,000
Municipal taxes paid on 26-07-2018	12,000	15,000
Other Expenses:		
Repairs	12,000	15,000
Fire Insurance Premium paid	10,000	13,000
Rent collection charges	-	12,000
Land Revenue payable	5,000	7,000
Details of Borrowed Capital:		
Interest Paid during the year	80,000	90,000
Principal repaid	30,000	40,000
Date on which loan taken	15-10-2011	11-12-2010

Mrs. Anjali Kapoor also received the following other income:

- Dividend from Reliance Industries Ltd Rs 25,000.
- Interest on fixed deposits with Bank of Baroda Rs. 50,000.
- Winning from lottery Rs. 70,000
- Mrs. Anjali paid Medical Insurance Premium of Rs. 15,000 for self by cheque.

Compute her Net taxable Income for the Assessment Year 2019-20.

**OR**

**Q.3** Mr. Ramesh Mehta acquired a residential property for Rs. 2, 50,000 on 1<sup>st</sup> October 1994. Additional information pertaining to property was as follows. (15)

- Fair market value as on 1-4-2001 was Rs. 12, 50,000
- Cost of improvement are as follows:

Financial year	Rs.
1997-98	80,000
2009-10	1,50,000
2014-15	4,00,000
2016-17	5,50,000

- He sold residential property on 15-2-19 for Rs 2,00,00,000
- He acquired new residential house for Rs. 65,00,000 on 20-03-2019.
- He also purchased NHAI bonds of Rs 10,00,000 on 27-03-2019.
- Expenses on transfer amounted to Rs 1,00,000.

Relevant Cost Inflation Indices are as follows:

Financial Year	Cost Inflation Index
2001 – 02	100
2009 – 10	148
2014 – 15	240
2016 – 17	264
2018– 19	280

Compute the capital gains for Assessment year 2019-20.

**Q.4** Following is Profit & Loss Account of Mr. Anil Dharmadhikari for the year ended 31<sup>st</sup> March, 2019. (15)

Particulars	Rs.	Particulars	Rs.
To Staff Salaries	2,50,000	By Gross Profit	14,29,000
To Salary to Anil Dharmadhikari	70,000	By Winning from Horse racing	81,000
To Printing & Stationery	50,000	By Dividend from Indian Co.	20,000
To Travelling expenses	60,000		
To Rent	48,000		
To Depreciation	64,000		
To GST paid	30,000		
To Advertisement	90,000		
To Embezzlement by Employee	14,000		
To Drawings	56,000		
To Staff welfare expenses	1,58,000		
To Income Tax	42,000		
To Net Profit	5,98,000		
	<b>15,30,000</b>		<b>15,30,000</b>

Additional Information:

- 1) Depreciation allowable as per Income Tax Rules Rs 70,000.
- 2) Staff welfare expenses include Rs 40,000 incurred for medical treatment of his physically handicapped brother (90% disability).
- 3) Half of the Rent is for her residential flat and 1/3<sup>rd</sup> of the Travelling expenses is personal in nature.
- 4) Advertisement expenses include Rs. 20,000 spent on advertisement in a magazine published by a political party. You are required to compute her Taxable income for the assessment year 2019-20.

**OR**

**Q.4 (a):** Mrs. Rani Rane, submit the following particulars of her income for the assessment year 2019-20. (8)

Particulars	Rs.
Interest on Bank deposits	5,000
Interest on Government securities	7,000
Interest on Public Provident Fund	6,600
Interest accrued on NSC	7,500
Dividend from Tata Co.	9,700
Income from Agriculture in Konkan	22,000
Family Pension	42,000

Compute her taxable income under the head Income from other sources.

**Q.4 (b) :** Dr. Leonard, a USA citizen provides you the details of his visit to India during the last 6 years. (7)

Previous Year	Days
2018-19	183
2017-18	190
2016-17	20
2015-16	125
2014-15	195
2013-14	100

Prior to 1-4-2013 he did not visit India. Find out the residential status of Dr. Leonard for the assessment year 2019-20.

**Q.5 (a)** Explain Deduction u/s 80D. (8)

**(b)** Discuss any Seven items specifically taxable under the head – Income from other sources. (7)

**OR**

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

- 1) Any Five items exempt u/s 10.
- 2) Long term Capital Gain.
- 3) Deduction U/s 80U.
- 4) Income from Deemed to be Let Out Property.
- 5) Deduction from Income from Salary.

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