

A3T1019

Duration: 2 ½ hrs.

Max. Marks: 75

Note: All questions are compulsory
Figures to the right indicate full marks
Working note should be part of the answer

Q.1. Multiple choice questions (any eight) [08]

- 1 A new business was set up on 1-10-2018. Its first previous year will end on _____
(31-3-2019, 30-9-2019, 31-12-2018)
- 2 A Municipal Corporation is assessed to Income Tax as _____
(An Individual, An Artificial Juridical Person, A Local Authority)
- 3 Income earned and received outside India is taxable in the case of _____
(Non- Resident, Resident & Ordinary Resident, None of these)
- 4 Dividend received is taxable if it is received from _____
(Indian Company, Co-operative Bank, Foreign Company)
- 5 Capital gain arises out of transfer of _____
(capital asset, current asset, any asset)
- 6 Standard deduction under the head Salary is _____
(Rs. 20,000, Rs. 30,000, Rs. 40,000)
- 7 X has let out his residential house for residential purpose. Rent received from such house is _____
(income from business, income from other sources, income from house property)
- 8 Municipal taxes paid by the owner is deducted from _____
(gross annual value, net annual value, standard deduction)
- 9 Salary received by a working partner from the partnership firm is _____
(income from salary, income from business, income from other source)
- 10 Family pension received is _____
(income from salary, income from business, income from other source)

B] State whether the following statements are True or False (any seven) [07]

- 1 Interest on deposits of foreign company received in London by ordinary resident individual is fully taxable.
- 2 Residential status does not depend upon citizenship
- 3 Dividend received from Dena Bank of Rs. 1 lakh is fully exempt
- 4 Life insurance premium paid by employer on behalf of an employee is a taxable perquisite.
- 5 Maximum deduction for interest on saving u/s 80TTA is limited to Rs. 10,000.
- 6 An Indian company need not always be resident in India
- 7 Entertainment allowance received by a non-government employee is exempt from tax.
- 8 Advance salary received by an employee from the employer is not a part of Gross salary
- 9 Medclaim premium paid by cash Rs. 25,000 is allowed as deduction u/s 80D
- 10 Deduction u/s 80 DD is in respect of maintenance of dependent handicap individual.

- Q.2. A]** Mr. Mandeep who is physically handicapped person (80% disability) is employed with Xavier [15]
college of Commerce. He furnishes you the following information for the previous year 2018-19. Compute his taxable income for the Assessment Year 2019-20.

Basic Salary	Rs. 10,000/- p.m.
Dearness Allowance	Rs. 3,500/- p.m.
Arrears of Salary (not taxed earlier)	Rs. 10,000/-
Medical expenses	Rs. 12,000
Leave salary received	Rs. 14,000/-
Examinership fees received from the college	Rs. 2,000/-
Fees for setting TYBCom papers from Mumbai University	Rs. 4,000/-

Royalty received from Manan Prakashan for writing on accountancy Rs. 20,000. Expenses incurred for writing manuscript of this book Rs. 4,000. Professional tax paid Rs. 2,000.

OR

- B]** Mr. Milind Ranade is employed with Pune Printers. He gives you the following information [15]
for the year ended on 31st March, 2019.

Particulars	Rs
Basic salary	6,00,000 p.a.
Bonus	2,50,000 p.a.
Entertainment allowance	48,000 p.a.
House rent allowance (exempt house rent allowance Rs. 17,900)	1,20,000 p.a.
Conveyance allowance (Amount spent on official conveyance Rs. 21,600)	24,000 p.a.
Perquisite value of subsidised meal at workplace	24,000 p.a.
Professional tax	2,500
<u>Particulars of LOP</u>	
Municipal valuation (per month)	75,000
Rent received (per month)	60,000
Municipal taxes paid	36,000
Interest paid on borrowed capital for construction of house	1,70,000

Other information:

He is physically disabled person with 50% disability. He completed his graduation in engineering in 2016.

For this he had taken an educational loan from Bank in 2012. During the year he paid Rs. 80,000 as interest on this loan.

Compute his taxable income for the assessment year 2019-20.

- Q.3. A]** Mr. Mahesh Shinde furnishes the following information of his income and investments for the [15]
previous year 2018-19.

Particulars	House 1 (LOP)	House 2 (SOP)
Fair rent	90000	60000
Gross Municipal valuation	80000	50000

Rent received	100000	-
Municipal taxes		
(a) Paid by the tenant	7000	-
(b) Paid by owner	10000	10000
Interest (due but not paid) on capital borrowed for Construction of house property	20000	20000

Other information:

- (1) He received interest from debentures in Bajaj ltd. Rs.25000.
- (2) He received dividend from UTI Rs.5000.
- (3) He paid premium of Rs.25000 toward approved pension plan of LIC of India.

Compute the Net taxable income of Mr. Mahesh Shinde for the assessment year 2019-20.

OR

- B]** Mr. Manish Malhotra, Proprietor of M & M Co. Furnishes you the following information for the year ended 31-3-19. **[15]**

Profit and Loss Account for the Year ended 31st March, 2019

Debit	Rs	Credit	Rs
To Salaries	2,20,000	By Gross Profit	6,29,000
To Rent	60,000	By Interest Accrued on N.S.C.	6,000
To printing Expenses	15,000	By Gift from father	51,000
To Advertising Expenses	5,000	By Income from Mutual Fund	12,000
To Motor Car expenses	80,000	By Winning from lottery	1,00,000
To Embezzlement by Employee	11,000		
To Staff welfare Expenses	30,000		
To Purchase of N.S.C	50,000		
To Depreciation	25,000		
To Net Profit	2,90,000		
Total	7,98,000		7,98,000

Additional Information:

- (1) Depreciation as per income tax rules Rs.28,000
- (2) Staff welfare expenses include Rs.10, 000 for medical treatment of an employee.
- (3) Rent is paid for his residential house.
- (4) Advertisement expenses are incurred for an advertisement in the souvenir of a political party.

You are required to compute his total taxable income for the assessment year 2019-20.

- Q.4.** From the following information of Mr. Vikas for the previous year 2018-19, compute the Gross Total Income for the Assessment year 2019-20 if he is **[15]**
- a) Resident & Ordinary Resident
 - b) Resident but not Ordinary Resident
 - c) Non – Resident

Income	Rs.
Income from business in Dubai, controlled from USA	50,000
Rent from house in UK received in France	60,000

Income earned in New Zealand in the past, but brought to India during the current previous year	70,000
Dividend from company in Dubai, received in London	80,000
Income from agriculture in New York, received in India.	90,000
Royalty from a company in Indonesia, received in Paris	1,00,000
Interest credited to HDFC Bank, Malaysia Branch	1,10,000
Income from Profession in Bhutan, received in Bhutan (Profession set up in India)	1,20,000

OR

- A]** Mr. Ashwin was born in UK in the year June 1990. He came to India for the first time on 1st April, 2014 and started business in India. He went back to UK on 10th August, 2018. He again came back to India on 14th November, 2018 and returned to his country UK, on 28th January, 2019. Determine his residential status for the assessment year 2019-20. **[08]**
- B]** Ms. Ankita sold a residential building at Jaipur for Rs. 35,00,000 on 1-7-2018. The building was acquired for Rs. 3,50,000 on 1-6-2007. She paid brokerage Rs. 30,000 at the time of sale of the building. She invested Rs. 7 lakhs in purchase of a residential building in December, 2018. Compute her taxable capital gain. CII 2007-08 – 129, 2018-19 – 280. **[07]**

- Q.5. A]** Write in brief the deductions available under the head “Income from Salary” **[08]**
- B]** Discuss the provision of for determination of Residential Status of an Individual under Income Tax Act, 1961. **[07]**

OR

- Q.5.** Write short notes (Any3) **[15]**
1. Gross Annual value and Net Annual value
 2. Person
 3. Agricultural Income
 4. Deductions under section 80C
 5. Long Term Capital Assets
