

Time: 2:30 Hours

Marks:75

Note:

1. All questions are compulsory
2. Use of Simple Calculators is allowed

Q.1. Multiple choice Questions:
(Attempt any 8 /10)

(8m)

1. Total Income of a person is determined on the basis of his
 - a) Resident in India
 - b) Citizenship in India
 - c) None of these
 - d) (a) and (b) both
2. Mr. A Foreign national visited India during previous year 2017-18 for 180 days. Earlier to this he never visited in India. Mr. A in this case shall be:
 - a) Resident in India
 - b) Non-resident
 - c) Not Ordinary Resident in India
 - d) None of these
3. Income accruing in Japan and received there is taxable in India in the case of-
 - a) Resident and ordinary resident only
 - b) Both resident and ordinary resident and Resident but Not Ordinary Resident
 - c) Both resident and non-resident
 - d) Non-resident
4. Compensation received on voluntary retirement is exempt under sec. 10(10C) to the maximum extent of
 - a) Rs. 2,40,000
 - b) Rs. 3,00,000
 - c) Rs. 5,00,000
 - d) None of these
5. Mr. Manthan is entitled to children education allowance @ Rs. 80 p.m. per child for three children amounting to Rs. 240 p.m. it will be exempted to the extent of:
 - a) Rs. 200 p.m.
 - b) Rs. 160 p.m.
 - c) Rs. 240 p.m.
 - d) None of the above

6. Municipal valuation of the house is Rs. 1,00,000 fair rent Rs. 1,20,000, standard rent Rs. 1,10,000 and actual rent received or receivable is Rs. 1,40,000 the Gross Annual Value in this case shall be

- a) Rs. 1,10,000
- b) Rs. 1,20,000
- c) Rs. 1,40,000
- d) None of the above

7. Mr. Akash has two house properties, both are self-occupied. The actual value of

- a) Both house shall be nil
- b) One house shall be nil
- c) No house value shall be nil
- d) None of the above

8. Income from illegal business e.g. smuggling is

- a) Wholly exempt from tax
- b) Taxed as income from other sources
- c) Taxed as profits and gains of business
- d) Taxable only in case of non-residents

9. Capital gain arises from the transfer of

- a) Any asset
- b) Any fixed asset
- c) Any capital asset
- d) Land and buildings only

10. For computing lottery income, the assessee shall

- a) Be entitled to any deduction for purchase of lottery tickets
- b) Not be entitled to any deduction for purchase of lottery tickets
- c) Be entitled to deduction up to 10% of total purchase of tickets
- d) None of the above

Q.1. b. State whether the following statement is True or False:

(Attempt any 7 / 10)

(7m)

- 1) An Indian citizen may be a non-resident in India.
- 2) A person is deemed to be of 'Indian origin', if his mother was born in Nepal.
- 3) Foreign income of an ordinary resident is wholly taxable.
- 4) Deduction u/s 80 C in respect of LIP, contribution to provident fund etc. is allowed to any assessee.
- 5) The deduction u/s 80 C is allowed from gross total income.
- 6) For claiming deduction u/s 80 C in respect of P.P.F. the contribution must be paid by the individual in the P.P.F. account of himself only.
- 7) Dividend declared by Unit Trust of India is fully exempt in the hands of shareholders.
- 8) There will be long term capital gain. If Plant and Machinery is transferred after it is held for more than 12 months.
- 9) Interest on Capital received by a partner from firm shall be exempt u/s 10(2A).
- 10) Municipal tax is deducted from Net Annual Value.

Q.2. a. Mr. Prem works in a private company. He has provided the following particulars of his income for the previous year ended on 31st March, 2018. (15m)

1. Basic salary Rs. 80,000 p.m.
2. Dearness Allowance Rs. 32,000 p.m.
3. House Rent Allowance Rs. 20,000 p.m. [Exempt u/s 10) Rs. 12,000 p.m.]
4. Travelling Allowance Rs. 1,00,000 [Amount actually spent on travelling Rs. 76,000]
5. He was provided with the accommodation by his employer, the perquisite value of which was Rs. 70,000.
6. Bonus declared by employer during the year was Rs. 30,000
7. Profession Tax Rs. 2,500.
8. Employee's contribution to provident fund Rs. 96,000.

He also received the following:

9. Interest on fixed deposits with Bank of Baroda Rs. 88,000
10. Interest on fixed deposits with post office Rs. 20,000
11. Dividend from Co – operative credit society Rs. 13,000
12. Gift from his brother Rs. 1,02,000

During the year he paid Rs. 64,000 as premium of his Life Insurance policy.

He has spent Rs. 45,000 for treatment of his dependent brother who is 65% disabled.

Compute his taxable Income for the A.Y. 2018-19.

OR

Q.2. b. Mr. Manohar was a Government Employee who retired on 30th November, 2017. Thereafter he joined a private company from 1st January, 2018. (15m)

He has provided the following information for the P.Y. 2017-18

a) From Government Company:

- Basic Salary Rs. 60,000 p.m.
- Dearness Allowance Rs. 20,000 p.m.
- Gratuity received on retirement Rs. 6,00,000
- Commutation of Pension received on retirement Rs. 4,40,000
- Pension received Rs. 16,000 p.m.
- Profession Tax deducted Rs. 200 p.m.
- Employee's contribution to Provident fund Rs. 10,000 p.m.

b) From Private Company:

- Salary Rs. 50,000 p.m.
- Entertainment allowance Rs. 4,400 p.m.

c) Other Information:

- Interest received on company debentures Rs. 1,20,000
- Dividend received from Indian Companies Rs. 64,000
- Interest received on 8% Taxable RBI Bonds Rs. 40,000

During the year he deposited Rs. 1,00,000 in his PPF account and paid Rs. 44,000 towards mediclaim premium for himself and his spouse.

Compute his Taxable Income for the A.Y. 2018-19.

Q.3. a) Mr. Sharma provides the following information for the previous year ended 31st March, 2018. You are required to compute his net taxable income for the A.Y. 2018-19. (15m)

Particulars	Rs.	Particulars	Rs.
To Printing and stationery	40,000	By Gross Profit	17,00,000
To General Expenses	50,000	By Income Tax refund	16,000
To Interest on Capital	1,10,000	By Dividend from UTI	70,000
To GST Penalty	46,000	By Interest on savings bank account	10,000
To Income Tax	98,000	By Amount received from LIC	
To Office Rent	52,000	matured insurance policy	30,000
To Depreciation	60,000		
To Salaries	2,40,000		
To Advertising	18,000		
To Net Profit	11,12,000		
	18,26,000		18,26,000

Additional Information:

Salaries includes Rs. 1,11,000 for medical treatment of Mr. Sharma's dependent mother who is disabled with 60% disability.

OR

Q.3 b) The following is the Receipts and payment account of Chartered Accountant Mr. Agrawal for the year ended 31st March, 2018. (15m)

Receipts and Payment A/c

Receipts	Rs.	Particulars	Rs.
To Balance b/d	2,00,000	By Office expenses	4,00,000
To Fees From Client	10,00,000	By Printing and stationery	1,50,000
To Appearing for client for ITAT	2,50,000	By Salary to staff	7,50,000
To Audit Fees Received	3,50,000	By Office Rent	2,00,000
To Gift received from client	2,75,000	By Conveyance	50,000
To Dividend from Foreign Company	5,000	By Drawings	3,00,000
To Rent from open plot of land	6,000	By Balance c/d	2,36,000
	20,86,000		20,86,000

Additional Information:

1) Drawings includes Rs. 49,500 towards pension fund (u/s 80 CCC) of LIC and Rs. 46,000 for medical treatment expenditure of his son who is physically disabled to the extent of 51%.

You are required to compute his taxable income for the A.Y. 2018-19.

Q.4. a) Mr. Akash is the owner of two houses. He provides you the information of these two houses for the year ended 31st March, 2018: (15m)

A. 1st House: let out

Municipal valuation Rs. 6,00,000 p.a.

Actual Rent Rs. 60,000 p.m.

Municipal Tax paid 10% of Municipal Valuation

Interest on Housing Loan paid Rs. 1,00,000 and House is vacate for 1 months.

B. 2nd House: Self occupied

Municipal Valuation Rs. 2,00,000

Municipal Tax paid Rs. 20,000

Interest on Housing Loan Rs. 90,000.

C. He also received the following income during the year:

Interest with deposits with Companies	Rs. 3,20,000
Dividend from Bank of India	Rs. 80,000
Interest on Saving Bank Accounts	Rs. 30,000
Dividend from Co-Operative bank	Rs. 20,000

D. He also deposited Rs. 2,40,000 in PPF during the previous year.

You are required to calculate Taxable Income for the A.Y. 2018-19.

OR

Q.4. b) Mr. Dev provides you the following particulars of assets transferred by him during the previous year ending 31st march, 2018 You are required to compute his Income from Capital Gains chargeable to tax for A.Y. 2018-19. (15m)

A Residential House was purchased on 12th December, 1998 at a cost of Rs. 36,00,000. Fair Market value of the residential house on 1st April, 2001 was Rs. 50,00,000

The cost of Improvement was as follows:

Year	Rs.
1999-2000	4,00,000
2003-2004	6,54,000
2009-2010	7,40,000
2014-2015	16,80,000

He sold the above house on 1st March, 2018 for Rs. 3,00,00,000

He incurred the transfer expenses of Rs. 6,00,000 on the sale transaction.

Cost Inflation Index are as follows:

Year	Cost Inflation Index
2001-2002	100
2003-2004	109
2009-2010	148
2014-2015	240
2017-18	272

Q.5. a) Explain the Deduction under Income from Other Sources. (8m)

Q.5. b) Explain the term Income with suitable Examples (7m)

OR

Q.5. Write Short notes (Any 3): (15m)

1. Assessment Year and Previous Year
2. Allowable Business Expenditure
3. Deduction u/s 80DD
4. List of Assets which are not capital Assets
5. Taxable Perquisites
