

[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) Match the Columns: (Any 8) (8)

	Column A		Column B
1.	Kalyan-Dombivli Municipal Corporation	a.	Does not satisfy basic condition
2.	Assessee	b.	Always taxable
3.	Thane sports club	c.	Finance Act
4.	Non-Resident	d.	Association of Persons
5.	Uncommuted Pension	e.	Local Authority
6.	Standard Deduction	f.	Person liable to pay tax
7.	Pre-construction interest on house	g.	Depreciation at 50% of normal rate
8.	Assets used by the assessee for less than 180 days	h.	Rs. 1,25,000
9.	Rate of Tax	i.	Allowed in five equal instalments
10.	Severely handicapped resident individual	j.	Rs. 50,000

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

- The constitution of India empowers Central Government to levy tax on Income.
- Adani Enterprises Ltd. is a person as per Income tax Act, 1961.
- Income deemed to accrue or arise in India is taxable in case of all assessee.
- Gratuity paid to government employees is always fully exempt from tax.
- Entertainment allowance deduction is only allowed to Non-government employees.
- Reasonable letting down value is higher of fair rent and municipal valuation.
- Export incentives received by an assessee are exempt for tax.
- Income from subletting shall be chargeable to tax under the head income form house property.
- Total deduction u/s 80C and 80CCC cannot exceed Rs. 1,50,000.
- Family pension received by a widow of a deceased employee is income from other sources.

Q.2 Mr. Mike Ross, a U.S.A. citizen, came to India for the first time on 1<sup>st</sup> May, 2018 and started business in India. He went back to his country U.S.A. on 2<sup>nd</sup> September 2022. He again came back to India on 16<sup>th</sup> December 2022 and returned to his country U.S.A., on 5<sup>th</sup> February, 2023. (15)

Determine the residential status of Mr. Mike Ross for the Assessment Year 2023-24.

OR

Q.2 Mr. Dipen Parab has earned the following incomes during the financial year ended on 31<sup>st</sup> March, 2023. Compute his Gross Total Income for the assessment year 2023-24. (15)

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

Particulars	Rs
1. Payments received in India, for services rendered in Dubai.	11,00,000
2. Income from business in Shanghai, controlled from India.	23,00,000
3. Interest on Debentures received from Indian Company	2,00,000
4. Amount brought to India, out of past untaxed profits earned in UK	2,75,600
5. Income from agriculture in Bangladesh.	2,75,000
6. Rent from House property in India, received in UK	3,00,000
7. Dividend from a Korean Company, received in India.	1,30,000
8. Salary earned and received in UK.	13,50,000

Q.3 Mrs. Sharen works as a manager with Nishtha Private Ltd. She gives you following information for the year ended 31<sup>st</sup> March 2023. (15)

Particular	Rs.
Basic Salary (Gross)	Rs.12,00,000 per annum.
Dearness Allowance	Rs.6,00,000 per annum.
House Rent Allowance (Exempt u/s 10 Rs.50,000)	Rs.90,000 per annum.
Entertainment Allowance (Amount spend on entertainment Rs.20,000)	Rs.30,000 per annum.
Conveyance Allowance (Amount spend on conveyance for official purposes Rs.65,000)	Rs.88,000 per annum.
Arrears of Salary (Not taxed earlier)	Rs.2,50,000
Profession Tax deducted from Salary	Rs.2,500 per annum.
Employees Provident Fund deducted from Salary	Rs.90,000 per annum.

Other Information:

- Interest on Debentures received from Savita Chemicals Ltd. Rs. 60,000  
Interest received from Government Securities Rs. 50,000  
Royalty received for writing Management Books Rs. 40,000  
(Expenses incurred for writing manuscript of this book Rs. 3,500)  
He spent Rs. 34,000 on medical treatment of his dependent handicapped brother (60% disability).  
He paid Mediclaim premium of Rs. 28,876 by cheque on health of himself, spouse and son.

Compute his Taxable Income for the Assessment Year 2023-24.

OR

**Q.3** Mr. Lala Patel owns two houses in Mumbai. The particulars of these houses are as follows for the previous year ended 31-3-2023 are as follows: (15)

	Particulars	House Property I (let out property)	House Property II (Self-occupied Property)
1.	Gross Municipal Valuation	4,50,000	6,00,000
2.	Fair Rent	5,00,000	7,00,000
3.	Actual Rent received	6,00,000	-
4.	Municipal Taxes – Due	50,000	60,000
	Paid	10,000	12,000
5.	Repairs	5,000	8,000
6.	Insurance Premium – Due	1,500	1,600
7.	Ground Rent due	500	700
8.	Interest on Funds borrowed for construction of house property	80,000	60,000

He also received the following income during the previous year 2022-23.

Accrued Interest on N.S.C. (VIII issue)	Rs.16,000
Winning from lottery	Rs.50,000
Interest on Saving Bank A/c.	Rs.16,000
Interest on Public Provident Fund	Rs.13,000

He had taken a loan from HDFC Bank for higher education of his daughter pursuing an Engineering degree course from IIT. During the year he had paid 1,40,000 as interest on this loan.

Compute his Taxable Income for the Assessment Year 2023-24.

**Q.4** Following is Profit & Loss Account of Mr. Manoj Shinde who is physically handicapped (85% disability) for the year ended 31<sup>st</sup> March, 2023. (15)

Particulars	Rs.	Particulars	Rs.
To Salaries	19,20,000	By Gross Profit	85,74,000
To Printing & Stationery	3,00,000	By Interest on Bonds	1,80,000
To Conveyance	3,60,000	By Gift from friend	56,000
To Rent	2,88,000	By Dividend from Co-op. Bank	1,20,000
To Depreciation	3,84,000	By Interest on Government Securities	2,50,000
To Repairs & Maintenance expenses	1,80,000		
To Advertisement	5,40,000		
To Audit Fees	1,20,000		
To Embezzlement by Employee	24,000		
To Drawings	3,36,000		
To Selling Expenses	10,20,000		
To Income Tax	1,20,000		
To Net Profit	35,88,000		
	91,80,000		91,80,000

## Additional Information:

- 1) Depreciation allowable as per Income Tax Rules Rs 4,20,000.
- 2) Advertisement includes advertisement of Rs. 72,000 in a Souvenir published by a political party.
- 3) 1/3<sup>rd</sup> of the Rent is for her residential flat.

You are required to compute her Taxable income for the assessment year 2023-24.

OR

Q.4 Mr. Raghu acquired residential house property on 15.4.1995 for Rs.3,00,000. Additional information pertaining to property was as follows:

1. Fair market value as on 1.4.2001 was Rs.9,60,000
2. Cost of improvement made by him as follows:
 

1998-99	Rs.2,00,000
2010-11	Rs.4,80,000
2016-17	Rs.10,00,000
2020-21	Rs.5,40,000
3. He sold residential property on 27.12.22 for Rs.1,80,00,000
4. He acquired new residential house for Rs.93,00,000 on 29.3.2023
5. He also invested Rs.15,00,000 in Rural Electrification Corporation (REC) Bonds on 11.03.2023
6. Expenses on transfer amounted to Rs.3,00,000

Relevant Cost Inflation Indices are as follows:

Financial Year	Cost Inflation Index
2001-02	100
2010-11	167
2016-17	264
2020-21	301
2022-23	331

Compute the Capital Gains of Mr. Raghu for Assessment year 2023-24.

- Q.5 (a) Explain different items eligible for deduction under section 80C (8)
- (b) Explain Deduction U/s 80D. (7)

OR

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

- 1) Capital Assets.
- 2) Deduction U/s 16.
- 3) Residential Status of an Individual.
- 4) Pension
- 5) Gross Annual Value

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