

M.Com (II) Direct Tax

09/09/2019

(2 Hours)

(Total Marks: 60)

Please check whether you have got the right question paper.

- N.B.:
- 1) All questions are compulsory.
  - 2) Figures to the right indicate full marks.
  - 3) All questions are relevant for Assessment Year 2019-20.
  - 4) Working note should form part of your answer.

1. The Profit and Loss Account of M/s. Tempo Tracks owned by Mr. Yash is given below (15) for the year ended 31<sup>st</sup> March, 2019. Compute the taxable income from the information given below for the assessment year 2019-20 :

**Profit and Loss Account**

Dr.		Cr.	
Particular	₹	Particular	₹
To Opening Stock	80,000	By Sales	16,80,000
To Purchases	6,75,000	By Closing Stock	76,200
To Salaries and Wages	85,000	By Dividends received from Indian Companies	9,800
To Expenditure on severely handicapped relative	30,000	By Recovery of Bad Debts earlier allowed as deduction	20,000
To Rent	24,000	By Interest on Company Deposits	6,000
To Household Express	56,000	By Interest on Savings Bank	8,000
To Printing and Stationery	4,500	By Amt. received under Key Man Insurance Policy	2,00,000
To Telephone Bills	2,300		
To Advertisement	1,000		
To Motor Car Expenses	11,000		
To Insurance Premium on factory	10,000		
To Embezzlement of Cash	15,000		
To Profession Tax	1,700		
To Net Profit	10,04,500		
<b>Total</b>	<b>20,00,000</b>	<b>Total</b>	<b>20,00,000</b>

On scrutiny it was noticed that salary includes ₹24,000/- paid to proprietor. Half of motor expenses are attributable for personal expenses. Advertisement was incurred for advertisement in souvenir of political party.

The above expenses do not include contribution to UTI pensions fund of ₹34,000/-.



OR

1. The following is the Receipt and Payment Account of Dr. Gupte a medical practitioner for the year ended 31<sup>st</sup> March, 2019 :

Receipt and Payment Account

Dr.

Receipts	₹	Payments	₹
To Balance b/d.	55,000	By Clinic Rent	7,500
To Visiting fees	2,32,500	By Staff Salaries	40,000
To Consultation fees	32,500	By Rent and Taxes	2,500
To Sale of medicines	12,500	By Electricity	2,000
To Operation Room Rent	7,500	By Periodicals	2,000
To Interest and Dividends	60,000	By Motor Car Expenses	7,500
		By Surgical Equipment's	15,000
		By Medical Association membership fees	2,500
		By Audit Fees	10,000
		By Staff Welfare Expenses	1,000
		By Christmas Expenses	500
		By Medicines Purchased	15,000
		By Entertainment Expenses	13,000
		By Balance c/d.	2,81,500
<b>Total</b>	<b>4,00,000</b>	<b>Total</b>	<b>4,00,000</b>

Additional Information :

- 1) A cash gift received from a patient of ₹ 5,000/- was not accounted for in the books.
- 2) Depreciation on Surgical Instruments is 25% and on Motor Car ₹ 3,000/-.
- 3) Interest and Dividends include :  
Dividend from UTI ₹ 30,000/-.  
Interest on Company Deposits ₹ 30,000/-.
- 4) Entertainment expenses include ₹ 10,000/- towards subscription of pension plans.

Compute Dr. Gupte's taxable income for Assessment Year 2019-20.



2. Mr. Pandit is an employee of Oil India Ltd. During the year ended 31<sup>st</sup> March, 2019, he received Net Salary of ₹7,20,000/- after making the following deductions:

- i) Income Tax ₹38,000/-.
- ii) Contribution to R.P. Fund ₹80,000/-.
- iii) LIC Premium ₹82,000/-.
- iv) Profession Tax ₹2,500/-.

During the year he earned Interest of ₹30,000/- from securities of Central Government and ₹33,000/- by Interest on Fixed Deposit with SBI.

During the year he also made the following investment payments:

- i) SBI Pension Plan ₹30,000/-.
- ii) NSC ₹1,20,000/-.
- iii) Life Insurance Premium ₹60,000/-.
- iv) Deferred Annuity Plan ₹60,000/-.

Compute Taxable Income of Mr. Pandit for Assessment Year 2019-20.

OR

2. A) Determine the total Income of the firm and partners for assessment years 2019-20 on the basis of the following: (08)

	₹
i) Net Profit as per Profit and Loss Account	10,00,000
ii) Remuneration to partners debited to Profit and Loss Account:	
Amita	2,00,000
Babita	2,00,000
iii) Interest debited - Partner Chitra on Loan ₹5 lakhs.	98,000

Profit Sharing Ratio - Amita 40%, Babita 30% and Chitra 30%.

Note: Babita is a sleeping partner.

B) Dr. Neeraj gives the following details for the year ended 31<sup>st</sup> March, 2019: (07)

	₹
i) Income from profession	1,50,000
ii) Interest on Fixed Deposits	3,160
iii) Sale of gold on 20-03-2019 (Purchased on 16-09-2007 for ₹36,000/-)	4,00,000
iv) Sale of personal Car on 18-03-2019 (Purchased on 30-03-2011 for ₹1,04,000/-)	1,34,000

Note: Index for 2018-19 is 280, 2007-08 is 129 and 2010-11 is 167.

Compute the long-term capital gains from the information given above explanatory notes are required.







