

①

②

Q.P. Code: 53407
[Time : 2 ½ Hours]

- 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 a part of your answer.
 5. Use of a simple calculator is allowed.

Q1A. State true or false

1. Mr. P has debited Rs. 20,000 paid as sales tax to his P&L account which is unpaid till the end of the relevant previous year. He has paid it in the next year on 31st May. He can claim this as an allowable expenditure.
2. Mr. Jain an ordinarily resident indian earned Rs. 60,000 in USA and received the amount also there. This income is not taxable in India.
3. Miss Anita received Rs. 20,000 from Shamrao Vitthal Co.op bank. This is an exempt income.
4. The maximum amount exempt in case of leave encashment to government employees is Rs. 10,00,000.
5. Life insurance premium paid by cash Rs. 10,000 is eligible for deduction u/s 80C.
6. Mr. Jason owns two houses both of which are not let out. He treats the annual value of both these houses as Nil since both the houses are self occupied.
7. Remuneration received by a member of parliament is taxable under the head Income from Salaries.
8. Mr. Amar has earned Rs. 5,000 from lottery ticket. He can claim Rs. 500 as deduction for purchase of lottery tickets.
9. Mr. Rahul received gifts from his colleagues worth Rs. 55,000 on the occasion of his birthday. He has treated only Rs. 5,000 from that as taxable.
10. Mr. Ram a government employee received Rs. 5,000 p.m. during the P.Y. 2014-15. He can treat this pension as exempt u/s 10.

Q1B. Fill in the blanks

1. Net annual value of an SOP is _____.
2. The maximum limit of deduction under section 24(b) in respect of interest on loan taken after 01-04-12 for repairs of self occupied house property is _____.
3. Salary received from a partner from the firm in which he is a partner is taxable under the head _____.

4. Employers contribution to recognised provident fund during the previous year in excess of _____ of basic salary is taxable as salary.
5. For a payment of freight expenses exceeding _____ paid in cash is disallowed.
6. Family planning expenditure of a capital nature can be claimed by a company in _____ equal installments.
7. Transfer of depreciable assets give rise to _____ capital gains.
8. A dies on 01-01-18 leaving a house purchased by him on 15-01-18 to his son B. B sells this house on 20-03-18. The gain arising from such a sale will be _____ term capital gain/loss.
9. Mrs. HB receives Rs. 75,000 as yearly family pension after the death of her husband. She pays Rs. 200 per month to AB to collect it from the office of the employer. The net taxable pension is Rs. _____.
10. Deduction claimed in past u/s 80C in case of ULIP Dhanraksha is withdrawn if a ULIP plan is terminated before contributions were made for _____ years.

Q2A. Saurav owns 3 houses, information regarding which for P.Y 14-15 is as below:

Particulars	House 1	House 2	House 3
Ratable value	60,000 p.a	80,000 p.a	10,000 p.m
Fair Rent p.a	50,000	80,000	1,50,000
Rent	6,000 p.m	8,000 p.m	N.A
Vacancy Period	Nil	4 months	Nil
Occupancy Status	Let Out	Let Out	SOP
Municipal Tax Paid	40,000	40,000	5,000
Interest on Housing loan for construction	20,000	45,000	35,000
Year of Construction	1994	1996	1998

The following is additional information in respect of House Property 1:

Rs. 10,000 was received during the year 2017-18 out of unrealised rent claimed earlier. [Unrealised rent claimed as deduction in earlier year was Rs. 15,000 (only Rs. 6,000 was allowed by A.O).] Expenditure of Rs. 2,000 incurred for collecting unrealised rent.

The following is additional information in respect of House Property 3:
Rs. 30,000 received during the year as arrears of rent of earlier years.

The following is additional information in respect of House Property 2:
Fire Insurance premium - Rs. 10,000
Expenditure incurred on collecting rent - Rs. 15,000.

You are required to calculate his Income from House Property for A.Y. 2018-19.

2

OR

Q2P. From the following particulars furnished by Neha for the financial year 2017-18, compute her taxable income.

Receipts	Amount	Payments	Amount
To balance b/f	13,940	Repayment of car Loan	30,000
Fees	5,75,300	Purchase of Car	1,80,000
Savnigs Bank Interest	8,900	Purchase of Shares	15,000
Income Tax Refund	12,000	Salary of Staff	1,00,000
Intererst on Income Tax refund	1,000	Printing & Stationery	13,000
Sale of shares (200 shares of A Ltd.)	32,400	Interest	12,500
Loan from Bank for purchase of car	2,00,000	Fees paid to CA	5,000
Interest on capital with partnership firm(M/s. Shyaam Enterprises)	15,360	Marriage gift to staff members	1,001
Dividend Income		Household expenses	75,000
- On Shares of Indian Co.	5,600	Life Insurance premium paid	6,000
- On shares of co-operative bank	7,500	Car repairs	4,000
		Interest paid on car loan	12,000
		Courier expenses	5,000
		Books & Periodicals	13,000
		Income Tax (Advance)	24,000
		Conference fees paid	1,500
		Rent Paid	12,000
		Other Expenses	75,000
		Balance c/f	2,87,999
	8,72,000		8,72,000

The following additional information is available:

1. Neha is an advertising consultant. She was elected as a MP during the year and received a salary of Rs. 15,000 per month which is not considered above.
2. She has also spent Rs. 50,000 for the medical treatment of her severely handicapped relative which is included in other expenses above.
3. Neha is a partner in Shyam Enterprises having 50% profit share. The firm earned profit of Rs. 2,40,000 during the financial year and the profit share of Neha was credited to her capital account.
4. During the year, Neha purchased car on 04-10-17. Except for the above, no other fixed assets are used by Neha for carrying her profession. IT Rules provide for depreciation at 15% p.a. on vehicles.

4

5. Neha is carrying her profession from rented premise. 50% of the premises are being used for her residence.
6. During the year Neha sold 200 shares of A Ltd. on 16th January 2018. The shares were purchased by her in two lots as per the details given below :
 - a. 10-03-17 : 100 shares @ Rs. 100 per share
 - b. 12-01-18 : 100 shares @ Rs. 110 per share
7. Interest of Rs. 12,500 is paid on loan taken by her for higher education of her adopted son.
8. Bonus of Rs. 10,000 was payable to her employees for F.Y. 2017-18 but she paid it in F.Y. 2018-19 but before the due date of filing of return for A.Y. 2018-19.

Q3A. Avinash gives you the following data relevant to his assets dealing during the previous year ended 31st March 2018 from which you are required to prepare a statement of his Capital Gains chargeable to tax under the Income Tax Act 1961 :

Particulars	Mode, Date and Cost of Acquisition / Improvement	Date of sale & Sale proceeds	Other Details
Agricultural Land	Gifted by Grand father on 01-01-10 (cost to grand father on 01-01-1997 Rs 1,25,000)	31-12-2017 Rs 14,50,000	Brokerage Rs 25,000 (market value as on 01-04-2001 Rs 50,000)
	Levelling / Filling Costs		
	Rs 28,500 (01-01-1999)		
	Rs 48,000 (01-12-2005)		
	Rs 58,500 (01-04-2011)		
Furnished Flat	Inherited from father on 01-12-2009 (cost to father of vacant flat on 01-01-1980 Rs 5,00,000)	01-01-2018 Rs 82,50,000	Brokerage Rs 1,45,000 (market value as on 01-04-2001 Rs 7,00,000)
	Terrace Cost Rs. 88,500 (01-04-2000)		
	Furnished Rs. 75,000 (01-04-2005)		
	Balcony Cost Rs. 1,50,000 (01-12-2011)		
Single Machinery of Proprietary Business	Cost Rs 25,00,000 (01-04-2010) WDV (as per income tax) - Rs	01-07-2017 Rs 12,50,000	Brokerage Rs 12,500

5

	10,00,000 (01-04-17)		
--	----------------------	--	--

[Cost Inflation Index : 2001-02 : 100, 2004-05 : 113, 2005-06 : 117, 2010-11 : 167, 2011-12 : 184, 2017-18 : 272]

OR

Q3.P Mr. Mehta, a severely handicapped individual, who retired from services of Tension Arts P. Ltd. on 31-01-2018 after putting in service for 5 years, received the following amounts from the employer for the year ending on 31-03-2018:

Salary @ Rs. 16,000 p.m. consisting of basic salary of Rs. 10,000, D.A. (not forming part of salary for retirement benefits) of Rs. 3,000, City compensatory allowance of Rs. 2,000 and Night duty allowance of Rs. 1,000. Pension @ 30% of basic salary from 01-02-2018. Leave salary of Rs. 75,000 for 225 days of leave accumulated during 5 years and 45 days leave in each year. He has not availed any earned leave during his tenure of 5 years and utilized only his casual leave.

He also received Gratuity of Rs. 50,000 (not covered under the payment of gratuity act. He is paid a pension of Rs. 6,000 p.m. post retirement from Tension Arts P. Ltd.

He received arrears of salary as per revised pay scale – Net arrears Rs. 50,000 and tax deducted at source on arrears of salary was Rs. 10,000.

During the year he was also employed on part time basis with KB & Co. at monthly salary of Rs. 2,000 from June 2017 to January 2018.

He also received Rs. 10,000 as interest on capital with a partnership firm and received salary from the firm of Rs.24,000. During the year he earned interest on investment Rs. 12,000 but he had taken a loan to fund this investment, the interest for which is Rs. 13,000. During the year he also received Rs. 12,00,000 as dividend from Indian companies. He had taken a loan from SBI for the higher education of his adopted son who is pursuing engineering degree. He repaid Rs. 1,01,000 towards interest and Rs. 1,50,000 towards principal. He contribution in NSC was Rs. 40,000 and in PPF account was Rs. 46,000. He also paid Rs. 65,000 as life insurance premium against a policy of sum assured of Rs. 4,00,000. Compute the total income of Mr. Narendra for A.Y. 2018-19

Q4A. Dev the karta of Ramesh & Co., an HUF, has been a resident in India for P.Y. 2013-14 to P.Y. 2016-17. During that period his total stay amounted to 700 days. His stay in India for the period 2010-11 to 2012-13 was 29 days. He was however in India for a period of 60 days only in P.Y. 2017-18. HUF was partially controlled in India during P.Y. 2017-18 but was entirely controlled outside India during the P.Y. 2016-17. Discuss the residential status of the HUF and of Mr. Ram for P.Y. 2017-18.

OR

Q4P. Mr Kiran More, a technical director of a reputed concern, give you the following information for the P.Y 2017-18:

- Received Rs. 24,000 Agricultural Income
- Received Rs. 4,500 (net) Interest on Company Deposit (Tax Deducted at Source Rs. 500)

6

- c. Received Rs. 2,100 Dividend from Reliance Industries Ltd. @ 21% on 100 shares of Rs. 100 each purchased by him at Rs. 170 each.
- d. Received Family pension after the death of Mrs Kiran More Rs. 2,500 p.m.
- e. Received Interest on PPF A/c kept at State Bank of India Rs. 12,000.
- f. Received LIC policy amount on maturity of policy of Mr. Kiran More Rs. 3,00,000.
- g. Received private tuition fees Rs. 15,000 and expenses incurred Rs. 2,000.
- h. Received winning in Horse Race Rs. 4,000.
- i. Received Rs. 25,000 on winning a lottery. He spent Rs. 500 on purchase of lottery tickets.
- j. Received gifts worth Rs. 1,20,000 from friends on his marriage and Rs. 50,000 on his birthday.
- k. Dividend received from Co-operative Bank Rs. 13,500.
- l. Income Tax refund received from Income Tax department Rs. 1,000 (including interest of Rs. 50).

You are required to calculate his Income from Other Sources for A.Y 2018-19

Q5A Write a short note on the expenditure on scientific research allowable u/s 35 of Income Tax Act, 1961.

Q5B What is a capital asset ? Explain transfer of a capital asset.

OR

Q5 Write Short Notes on:

- a. Unrealised of rent
- b. Agricultural income exempt u/s 10
- c. Short term capital asset
- d. Perquisites which are taxable in case of 'specified employees.'
- e. Person as defined u/s 2(31)