

①

Set 2

Faculty : Commerce and Management
Program No. & Name of the Examination : 2C00454 / S.Y.B.Com (A & F) (CHOISE BASED)
Subject (Paper Code) : 78012/TAXATION-III (Direct Taxes Paper II)
Date of Exam :
SYBAF - Semester-IV [Time: 2^{1/2} Hours] [Marks: 75] **Q.P.Code:** 66412

Q.1 A True or False. (any 8)

(8 Marks)

1	2	3	4	5	6	7	8	9	10
True	True	True	False	False	True	True	True	False	False

Q.1B) Rewrite the following sentences by selecting correct option. (Any 7)

(7)

1	2	3	4	5	6	7	8	9	10
Long term Capital Gain	8	parent whose total income is greater	12%	30 th September	10%	15%	234C	Rs 1,80,000	30%

Q.2 A) Computation of total income			
Name of the Assessee: PQR & CO.			Marks
Legal Status:Firm	Residential Status:Resident		1
Previous Year:2017-18	Assessment Year:2018-19		
Particulars	Rs	Rs	
Income from Business or Profession			
Net Profit as per Profit & Loss A/c		420,000	1
Add:Inadmissible expenses			
Income tax Paid	200,000		1
Excess interest disallowed(Rs 1,80,000-1,80,000x12/18)	60,000		2
Salary to partners			
Partner P	300,000		
Partner Q	300,000		
Partner R	300,000	1,160,000	1
Book Profit		1,580,000	1
Less: Remuneration to partners			
As per Partnership Deed (paid to working partners i.e.Q & R)or	600,000		
As per section 40(b)(as per working note)	1,038,000		
whichever is less		600,000	2
Total Taxable Income		980,000	1
Computation of Tax Liability of the firm			
Tax on Rs 9,80,000 @ 30%		294,000	1
Add Education cess@2% and SHEC@ 1%		8,820	1
Total Tax Liability		302,820	1
Working Note:Calculation of Remuneration U/S 40(b)			
On Rs 3,00,000@90%		270,000	
On balance Rs 12,80,000@60%		768,000	
Total		1,038,000	2
		Total Marks	15

OR

3

Q.2 B) Computation of total income of Mr Z, Mrs Z & C(Minor child)

Particulars	Rs Lakhs			Marks
	Mr Z	Mrs Z	C	
Salary received by Mrs Z (to be clubbed with the income of Mr Z)	4.35	0		2
Income from House Property	2			1
Income from Business	6			1
Professional income of C (minor child of Z) from singing(not to be clubbed)			1	1
Income from Other Sources	3			1
Less:Loss from IFOS of Mrs Z to be clubbed	(2)	1	0	1
Total Income	13.35	0	1	1
			Total Marks	8

Q.2 C)

	Marks
1.Payment of brokerage to Mr B, sub broker of Rs 12,000 does not exceed Rs 15,000 ,hence TDS u/s 194 H is not applicable.	1
2.Payment of royalty to John of Rs 23,000 does not exceed Rs 30,000, hence TDS u/s 194 J is not applicable	1
3.Rent for use of factory building of Rs 2,40,000 exceeds Rs 1,80,000 hence TDS u/s 194 I is applicable. TDS on Rs 2,40,000 @ 10%=Rs 24,000.	2
4.TDS u/s 194 A is not attracted in respect of Interest on business loan paid to bank.	1
5.TDS u/s 194C is applicable on advertisements,as a single payment exceedsRs 30,000. TDS on Rs 50,000 @ 1%=Rs 500.	2
	7

Q.3 A)

Name of Assessee: Miss Megha Sawant		Legal Status: Individual		Marks
Previous Year: 2017-18		Assessment Year: 2018-19		
Particulars	Rs	Rs		
Salary Income				
Basic Salary(Rs 70,000 x 12)		840,000		1
Dearness Allowance(Rs 20,000 x 12)		2,40,000		1
Conveyance received	30,000			
Less-Amount spent	(24,000)	6,000		1
Arrears of salary		50,000		1
Bonus		35,000		1
		931,000		
Less-Profession Tax		(2,500)	928,500	1
Income from Other Sources				
Dividend from SBI	7,000			1
Less-Exempt	(7,000)	-	-	
Interest received on NHAI Bonds		12,000		1
Royalty received		26,000		1
Interest on Savings Bank		8,000	46,000	1
Gross Total Income			974,500	1
Less-Deduction under Chapter VI A				
U/S 80 C-LIC Premium paid			50,000	1
U/S 80 TTA-Interest on SB A/c			8,000	1
Net Taxable Income			916,500	1
Tax Payable on Rs 9,16,500			95,800	
Add : EC & SHEC@3%			2,874	
Tax Payable			98,674	1
Net Tax payable rounded off			98,670	
				15

Q.3 B) Interest payable by Mrs Kohli

(a) Interest u/s 234 A for delay in filing of return= $\text{Rs } 20,000 \times 1\% \times 1 \text{ month} = \text{Rs } 200$

(b) Interest u/s 234 B for non payment of advance tax= $\text{Rs } 20,000 \times 1\% \times 5 \text{ months} = \text{Rs } 1,000$

Interest u/s 234 C for non payment of advance tax instalment	Rs
1. Advance tax payable on 15-6-17= $\text{Rs } 20,000 \times 15\% = \text{Rs } 3000$	
Interest on the above shortfall= $\text{Rs } 3000 \times 1\% \times 3 \text{ months} =$	90
2. Advance tax payable on 15-9-17= $\text{Rs } 20,000 \times 45\% = \text{Rs } 9000$	
Interest on the above shortfall= $\text{Rs } 9000 \times 1\% \times 3 \text{ months} =$	270
3. Advance tax payable on 15-12-17= $\text{Rs } 20,000 \times 75\% = \text{Rs } 15000$	
Interest on the above shortfall= $\text{Rs } 15000 \times 1\% \times 3 \text{ months} =$	450
4. Advance tax payable on 15-12-17= $\text{Rs } 20,000 \times 100\% = \text{Rs } 20000$	
Interest on the above shortfall= $\text{Rs } 15000 \times 1\% \times 1 \text{ month} =$	150
Total Interest U/S 234 C	960

Total

Marks

2

2

3

7

OR

Q.3 C)

Name of the Assessee: MrShelke

Legal Status: Individual

Previous Year: 2017-18

Total Tax liability =Rs 2,00,000

Residential status: ROR

Assessment Year: 2018-19

Marks

Due date of advance tax payment	% of advance tax	Cumulative Amount of advance tax payable Rs	Advance Tax instalment Rs	
15-6-17	15	30,000	30,000	2
15-9-17	45	90,000	60,000	2
15-12-17	75	150,000	60,000	2
15-3-18	100	200,000	50,000	1
				7

Q.4 A) Computation of total income			Marks
Name of the Assessee: Miss Priyanka			
Legal Status: Individual		Residential Status: ROR	1
Previous Year: 2017-18		Assessment Year: 2018-19	
Particulars	Rs	Rs	
Income from Business or Profession			
Indian Income		3,000,000	1
Foreign Income		1,500,000	1
Gross Total Income		4,500,000	1
Less: Deduction under Chapter VI-A			
U/S 80C: PPF Investment	150,000		1
U/S 80D: Mediclaim insurance premium	25,000	175,000	1
Total Taxable Income		4,325,000	1
Computation of Tax Liability			
Tax on total Income		1,110,000	1
Income Rs	Tax Rate	Tax amount Rs	
0-250,000-	%-	Nil	
250,000-5,00,000-	5%-	Rs 12,500	
5,00,000-10,00,000-	20%-	Rs 1,00,000	
above 10,00,000-	30%-	Rs 9,97,500	
Add: EC & SHEC @ 3%		33,300	1
		1,143,300	1
Average rate of tax in India			
(11,43,300/43,25,000 x 100)		26.43%	1
Average rate of tax in Foreign Country			
(2,25,000/15,00,000 x 100)		15%	1
Doubly taxed income		1,500,000	1
Rebate under section 91 on Rs 15,00,000 @ 15% (lower of average Indian Tax rate and foreign tax rate)		225,000	1
Tax Payable in India		918,300	1
			15

Q.4 B) Computation of total income			
Name of the Assessee: Mr D			Marks
Legal Status:Individual	Residential Status:ROR		1
Previous Year:2017-18	Assessment Year:2018-19		
Particulars	Rs	Rs	
(I)Income from Salary		120,000	1
(II)Income from House Property			
House I (Income)	70,000		1
House II (Loss)	(35,000)		1
House III(Loss)	(50,000)	(15,000)	1
(III)Income from Business or Profession			
Speculative business profit	90,000		1
Non-speculative business loss	(125,000)		1
c/f to next assessment year	(35,000)		1
(IV)Capital Gains			
Long term capital loss on shares listed(STT paid)(exempt income so not to be set off)	Nil		1
Short term capital gains	25,000		1
Short term loss brought forward from 2016-17	(25,000)	Nil	1
(V)Income from Other Sources			
Dividend from domestic company(exempt)		Nil	1
Gross Total Income		105,000	1
Losses to be carried forward to Assessment Year 2019-20			
Current Year Non-speculative business loss		(35,000)	1
Short term loss brought forward from 2016-17		(5,000)	1
			15

Q.5 A State the provisions of section 70 related to Inter-Source Adjustment. (8)

Any loss in respect of one source shall be set off against income from any other source under the same head of income.

Exceptions-Loss from long term capital asset can be set off against income from long term capital gains only.

Loss from exempt source cannot be set off against taxable income.

A loss cannot be set off against winnings from lotteries, crossword puzzles etc.

8

Q.5 B Explain any three circumstances under which income of other persons is included in the assessee's total income as per Income Tax Act. (7)

1. Minor's income clubbed with parent's income
2. Transfer of income without transferring the assets
3. Revocable transfer of assets

OR

Q.5) Write a short note on (any 3): (15)

(i) TDS on payment to contractors u/s 194C

It is applicable to any payment against any contract, if the value of such contract exceeds Rs 30,000 or total in a year with the same contract exceeds Rs 1,00,000.

If recipient is Individual/HUF, TDS rate is 1%

Any other person, Tds rate is 2%

Without PAN-TDS rate 20%

(ii) Ethical duties of tax payer

- Pay tax on time
- Do not hide income to evade tax
- Avoid making untrue statement, misrepresentation or concealment of income while filing the return
- Provide correct information and maintain authentic record

(iii) Set off provisions for loss under Capital Gains

-Loss under the head of Capital Gains cannot be set off against any other head.

-Long term capital loss can be set off against long term capital gains only.

-Short term capital loss can be set off against short term as well as long term capital gains.

(iv) Eligibility conditions for relief under Section 91

- The assessee should be a resident in India during the previous year.
- The income accrues to him outside India.
- Such income is not deemed to accrue or arise in India.
- The income is taxed in foreign country.
- There is no DTAA for relief to the tax payer.

(v) Revised Return

If a person who has filed return discovers any omission or any wrong statement in it, he may furnish a revised return at any time before the end of the relevant assessment year or before completion of assessment whichever is earlier.

Belated return can be revised.

The revised return replaces the earlier return.

A revised return can be again revised.
