

Q.1. a. (1 mark each) (Any 8)

1. Includes	2. Includes.	3. Business Income.	4. Salary.	5. All of the above.
6. Working	7. 30%	8. Fully Exempt	9. Rs.10,000	10. Double Taxation

Q.1. b. (1 mark each) (Any 7)

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

Q.2. Computation of Net taxable Income and tax liability of firm

Particulars	Amt. (Rs.)	Amt. (Rs.)	Amt. (Rs.)	Marks
I. Income from Business:				
Net profit as per P/L A/c		4,20,000	}	3 mark
Add: Disallowed Expenses:				
Purchases	50,000			
Salaries to Staff (Bonus)	60,000			
Other Expenses	35,000			
Interest on partners capital (Actual)	2,00,000			
Remuneration to Partners (Actual)	5,00,000			
Depreciation	1,00,000			
Income Tax	80,000	10,25,000		
		14,45,000	}	3 mark
Less: Allowed Expenses				
Depreciation as per income tax		-1,50,000		
		12,95,000		
Less: Income not chargeable				
Winning from lottery	-1,00,000			
Dividend from Indian Co.	-1,00,000			
Interest on Securities	-50,000	-2,50,000		
		10,45,000	}	3 mark
Less: Interest to partners on Capital as per section 40(b) (Max. @12%) (2,00,000 x12) /15		-1,60,000		
Book Profit		8,85,000		
Less: Remuneration to Partners as per section 40(b) (W.N. 1)		-5,00,000		
Income from Business			3,85,000	
II. Income from other sources:			}	3 mark
Winning from lottery		1,00,000		
Dividend from Indian co.	1,00,000			
Less: Exempt	-1,00,000	Nil		
Interest on securities		50,000		
Income from other sources			1,50,000	
Total Taxable income			5,35,000	
Tax Liability				
Tax on Winning From Lottery @ 30%		30,000		

Tax on other Income @30%		1,30,500	1,60,500	2 mark
Add: Education CESS @3%			4815	
Total Tax Liability of Firm			1,65,315	

Working note 1 Computation of remuneration as per section 40(b) (1 Mark)

Particulars	Amt. (Rs.)	Amt. (Rs.)
a. 90% of first 3,00,000 BP or Rs.1,50,000	2,70,000	
60% of Balance Book Profit (5,85,000 x 60%)	3,51,000	
Remuneration as per Rule (a)		6,21,000
b. Remuneration Actual		5,00,000
Remuneration as per section 40(b)		5,00,000

OR

Q.2.a. Computation of Total Income of Mr. Raja and Mrs. Raja

Particulars	Amt. Rs.	Mr. Raja (Rs.)	Mrs. Raja (Rs.)	Marks
Income from Salary			2,50,000	2 Marks
Income from Business		2,00,000		
Total Income before clubbing		2,00,000	2,50,000	
Interest on fixed Deposit of minor son Raju	95,000		93,500	5 Marks
Less: Exempt	-1,500			
Earning from sport minor daughter Rinu	85,000		0	
Less: Exempt	-85,000			
Gift Received by Ramu	80,000			
Less: Exempt	-1,500		78,500	
Total Income		2,00,000	4,22,000	1 marks

Q.2.b. Computation of Total Income of Mr. Ramesh

Particulars	Amt (Rs.)	Amt.(Rs.)	Amt.(Rs.)	Marks
Income from Salary		2,60,000	60,000	3 marks
Income From House Property	-2,15,000			
Less: Maximum Set off available	2,00,000	-2,00,000		
Carry Forward for next A.Y.	-15,000			
Income From Business:			3 Marks	
Loss from normal Business	-2,35,000			
Income from speculation business	2,00,000			
Carry Forward for next A.Y.	-35,000			
Income from other sources:				

Winning from lottery		3,00,000	
Total Income		3,60,000	1 Marks

Q.3. Computation net taxable income and Tax liability of Mr. Rajesh

Particulars	Amt.(Rs.)	Amt.(Rs.)	Amt.(Rs.)	Marks
<u>I. Income from salary:</u>				
Basic Salary		8,00,000	}	2 marks
Bonus Received (50,000 x 12)		6,00,000		
Dearness Allowances (8,00,000 x 80%)		6,40,000		
House Rent Allowances	80,000		}	4 marks
Less: Exempt	-50,000	30,000		
Conveyance Allowances	60,000			
Less: Exempt	-45,000	15,000		
Reimbursement of Medical Expenses	30,000			
Less: Exempt	-15,000	15,000		
Gross Salary		21,00,000		
<u>Less: Deduction u/s 16:</u>				
u/s 16(iii) Profession tax		-2,500		} 1 Mark
Income from Salary			20,97,500	
<u>II. Income from House Property: (LOP)</u>				
Municipal Valuation (50,000 x 12)	6,00,000		}	4 marks
Fair Rent (60,000 x 12)	7,20,000			
	7,20,000			
Standard rent (45,000 x 12)	5,40,000			
Reasonable letting Value	5,40,000			
Actual Rent Received (65,000 x 12)	7,80,000			
Gross Annual Value		7,80,000		
Less: Municipal Tax paid		Nil		
Net Annual Value		7,80,000		
<u>Less: Deduction u/s 24:</u>				
u/s 24(a) Standard Deduction (7,80,000 x 30%)	2,34,000			
u/s 24(b) Interest on loan	3,00,000	-5,34,000		
Income from House Property			2,46,000	
Gross Taxable Income			23,43,500	
<u>Less: Deduction Under Chapter VI A</u>				
u/s 80 C: Life Insurance Premium		60,000	}	2 marks
u/s 80 U: Physically disabled person		1,25,000		
Net Taxable Income			21,58,500	
Tax Liability				
Slab Rate:				
First 2,50,000		0	}	2 marks
2,50,000 to 5,00,000		12,500		
5,00,000 to 10,00,000		1,00,000		
Above 10,00,000 (11,58,500 x 30%)		3,47,550		

Add: Education CESS @ 3%			13,802	
Total Tax Liability			4,73,852	

OR

Q.3.a. Computation of tax liability
(4 marks)

Particulars	Amt. (Rs.)
Income from Business	25,00,000
Income from House Property	18,00,000
Total Income	43,00,000
Tax liability	
Tax on Income @ 30%	12,90,000
Add: Education CESS @ 3%	38,700
Tax liability	13,28,700

Computation of advance tax (4 Marks)

Due Date	Total Tax	Cumm Rate	Cumm. Installment	Installment
15-06-17	13,28,700	15%	1,99,305	1,99,305
15-09-17	13,28,700	45%	5,97,915	3,98,610
15-12-17	13,28,700	75%	9,96,525	3,98,610
15-03-18	13,28,700	100%	13,28,700	3,32,175

Q.3.C.

1. TDS under section 194A is not attracted in respect of interest paid to a banking company.
(1 Marks)
2. TDS under section 194C is applicable on advertisements, as a single payment exceeds Rs.30,000. (TDS = 44,000 x 1% = 440) (2 Marks)
3. TDS under section 194-I is applicable as the rent amount exceeds Rs.1,80,000.
TDS = 1,85,000 x 10% = 18,500 (2 Marks)
4. TDS under section 194- H is applicable as the commission exceeds Rs.15,000
TDS = 18,000 x 5% = 900 (2 Marks)

Q.4. Computation of total income and tax liability

Particulars	Amt. (Rs.)	Amt. (Rs.)	Marks
Indian Income		20,00,000	} 6 Marks
Foreign Income		25,00,000	
Gross Taxable Income		45,00,000	
Less: Deduction Under Chapter VI A			
u/s 80 C: Life Insurance Premium	1,50,000		} 5 Marks
u/s 80D: Medical Insurance Premium	30,000	-1,80,000	
Net Taxable Income		43,20,000	
Tax Liability			
First 2,50,000	0		} 4 Marks
2,50,000 to 5,00,000	12,500		
5,00,000 to 10,00,000	1,00,000		
Above 10,00,000 (33,20,000 x 30%)	9,96,000	11,08,500	
Add: Education CESS @ 3%		33,255	
		11,41,755	
Less: Relief u/s 91			} 4 Marks
Tax on Foreign Income @ Average Rate (25,00,000 x 11,41,755)/ 43,20,000	6,60,738		
Tax on Foreign Income @ Foreign Rate	3,30,000	-3,30,000	

Net Tax liability		8,11,755
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OR

Q.4. Computation of interest under section 234 C

Due Date	Cumm. Rate	Total Actual Tax (3,80,000)	Estimated advance tax inst.	Shortfall / Surplus	Rate of Interest	Period	Interest u/s 234C	Marks
15-06-2017	15%	1,57,500	1,10,000	47,500	1%	3 Month	1,425	2 Marks
15-09-2017	45%	4,72,500	3,00,000	1,72,500	1%	3 Month	5,175	2 Marks
15-12-2017	75%	7,87,500	5,50,000	2,37,500	1%	3 Month	7,125	2 Marks
15-03-2018	100%	10,50,000	8,00,000	2,50,000	1%	1 Month	2,500	2 Marks
Total Interest under Section 234 C							16,225	2 Marks
Total Interest under Section 234 B (2,50,000 x 1% x 9)							22,500	2 Marks
Total Interest under Section 234 A (2,50,000 x 1% x 3)							7,500	2 Marks
Total Interest under Section 234 A, 234B & 234 C							46,225	1 Marks

Q.5. The examiners are requested to use their own discretion while giving marks for these theory questions. Full Marks can be given if the candidate has justified the answer.

For any queries, you are requested to contact the below stated paper setters.

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