

Time : 2.30 Hours

Total Marks : 75

All Questions are compulsory of 15 marks each.**Exercise internal options wherever given.****Figures to the right represent full marks to the question.****All questions should be answered w.r.t assessment year 2023-24.****All workings shall form part of the main answer.****Use of simple calculator is allowed.**

Q1.

M/S R & R Partnership Firm, trading in health extracts has provided you with its profit and loss account for financial year 2022-23. You are required to compute the taxable income of the firm and its tax liability for the Assessment year 2023-24. (15)

Particulars	Amount ₹	Particulars	Amount ₹
To Office Salaries	8,50,000	By Gross Profit	19,38,800
To Conveyance	1,85,000	By Interest on Securities	98,700
To Advertisement expenses	84,500	By Interest on Drawings	12,500
To Salary to Partners	1,10,000		
To Provision for Bad Debts	25,000		
To Overhead expenses	3,35,000		
To Interest on Capital@ 10%	1,50,000		
To Interest on Bank Loan	59,500		
To Net Profit			
Rudra	1,50,600		
Rohan	1,00,400		
	20,50,000		20,50,000

Other Information

- Advertisement expenses include ₹ 5000 paid to an educational institute in their college fest.
- Depreciation as per Section 32 is ₹ 35,200.
- Salaries are to be paid equally amongst the two partners i.e. Rudra and Rohan. Their profit-sharing ratio is 3:2.

OR

Q1.

Following is the Profit & Loss Account of M/s Cheryl Art owned by Ms Daniella, for the year ended 31st March 2023.

Profit & Loss Account For the Year Ended 31st March, 2023

(15)

Particulars	₹	Particulars	₹
To Salaries	5,10,000	By Gross Profit	11,51,987
To Administrative Expenses	3,12,650	By Interest on Fixed Deposit	80,000
To Profession Tax	2,500		
To Depreciation	92,000		
To Purchase of Computer	61,000		
To Advertisement	82,000		
To GST penalty paid	12,000		
To Custom duty paid	45,000		
To Net Profit	1,14,837		
Total	12,31,987	Total	12,31,987

Additional Information:

- 1) Depreciation as per Income Tax Rules is ₹87,000.
- 2) Advertisement includes ₹15,000 for advertisement in souvenir of a Political Party.
- 3) She paid ₹25,000 towards Pension Fund.
- 4) She invested ₹2,00,000 in ULIP Plan.

Compute the Taxable Income of Ms. Daniella for the assessment year 2023-24.

Q2.

Mr. Ajay works with M/s ABC Traders. He gives you the following information for the year ended 31st March, 2023.

(15)

Particulars	Amount ₹	
Basic salary (Gross)	1,00,000	per month
Dearness allowance	30,000	per month
Arrears of salary (not taxed earlier)	75,000	
House Rent Allowance (Exempt ₹.40,000)	85,000	per annum
Encashment of leave	35,000	
Profession tax deducted from salary	2,500	per annum
Other Information:		
Interest on Post Office Saving Bank Account	3,500	
Interest on saving bank account with Central Bank	15,000	
Dividend from Indian Companies	20,000	
Gift from mother	51,000	

He paid Medici claim premium of ₹23,000 for himself, spouse and children.
Compute Net Taxable Income for Assessment year 2023-24.

OR

Q2.

Mr. Sanjay Samant is a physically disabled person (65% disability). He has provided following particulars of his income for the previous year ended 31st March 2023. You are required to compute the net taxable income for Assessment year 2023-24. (15)

Sr No.	Particulars	House 1 (Let - out) ₹.	House 2 (Self - Occupied) ₹.
1	Fair Rent	4,50,000	4,75,000
2	Municipal Valuation	4,30,000	4,60,000
3	Rent Received	4,75,000	Nil
4	Municipal Taxes paid by owner	45,000	42,000
5	Interest on Housing Loan for construction of house (Loan taken on 1-4-2021)	50,000	75,000
	Other Information		
6	Dividend from ICICI Mutual Fund		12,000
7	Interest on Debentures		13,000
8	Gift from friend		75,000
9	He had taken a loan from Bank of India for higher education of his daughter pursuing an engineering degree course from University of Mumbai. During the year he had paid ₹75,000 as interest on education loan.		

Q3.

Mr. Kamlesh More owns the following houses that are used for residential purposes. The details of his houses are given below. (15)

Particulars	House I (Self Occupied) ₹	House II (Let – Out) ₹
Standard Rent (p.a)	2,50,000	2,40,000
Fair Rent (p.a)	2,20,000	2,45,000
Actual Rent Received (p.a)	Nil	2,60,000
Municipal Valuation (p.a)	1,85,000	2,35,000
Municipal Taxes Paid	15,000	24,000
Expenses on Repairs	5,000	7,000
Expenses of Collection of Rent	Nil	800
Interest on Loan borrowed for house property	60,000	1,40,000

Owner Kamlesh More is to bear Municipal taxes only in respect of House I , while House II Municipal taxes are paid by the tenant.

Compute the Income from house property of Mr. Kamlesh More for the assessment year 2023-24.

OR

Q3 A) Mrs. Rani furnishes you the following particulars for the previous year ending 31st March, 2023. She requests you to compute the taxable capital gain for Assessment year 2023-24. (8)

- 1) She purchased residential property on 19th January, 2000 for ₹ 5,60,000
- 2) She sold on 28th September, 2022 her residential property for ₹1,10,00,000.
- 3) Expenses on transfer amounted to ₹.2,00,000.
- 4) She incurred expenses on improvement:
 ₹. 1,50,000 in the financial year 2003-04
 ₹. 1,50,000 in the financial year 2017-18.
- 5) Fair Market Value on 1st April, 2001 was ₹.12,00,000.
- 6) She purchased a new commercial property for ₹.21,00,000 on 10th October, 2022
- 7) She deposited ₹7,00,000 in eligible bonds issued by Rural Electrification Corporation Limited (RECL) on 5th October, 2022.

Relevant Cost Inflation Indices are as follows:

Previous Year	Cost Inflation Index
2001-02	100
2003-04	109
2017-18	272
2022-23	331

Q3.(B)

Mrs. Supriya has earned the following income during the previous year ended on 31st March 2023. (7)

Particulars	₹.
1) Income earned in India but received in West Indies	1,75,000
2) Profits from business in Germany. controlled from India	2,50,000
3) Salary earned and received in U.K.	8,80,000
4) Professional fees received in India	4,50,000
5) Income from Interest on debentures received in India from Indian Companies.	3,15,000
6) Payment received in New York, for services rendered in in Paris	2,65,000

Compute her total income for the assessment year 2023-24 assuming as follows:

When she is i) Resident and Ordinarily Resident

ii) Non-Resident

Q4. (A)

State whether the following statements are True or False (8)

1. Income Tax Act is applicable to whole of India.
2. Deduction under section 80 C is allowed from gross total income.
3. Dividend from a foreign company shall be taxed in the hands of the shareholder.
4. Goodwill of a business is treated as capital assets for capital gain purposes.
5. For a newly set up business previous year can be of less than 12 months.

6. Residential status has nothing to do with citizenship.
7. Entertainment allowance deduction is allowed to government employees.
8. Interest on income tax refund is taxable under the head Income from other sources.

Q4. (B)

Choose the correct alternative and rewrite the sentence:

(7)

1. The maximum exemption for leave encashment is ____

- a. ₹.5,00,000
- b. ₹2,00,000
- c. ₹.10,00,000
- d. ₹3,00,000

2. Uncommuted Pension received by a retired employee is taxable under the head

- a. Income from Salary
- b. Income from House Property
- c. Income from Capital gains
- d. Income from Other sources

3. Which of the following will be taxable as Income from Other sources?

- a. Sub-letting of a house
- b. Letting of a house
- c. Sale of a house
- d. Resale of a house

4. ____ is allowed as a deduction while computing business income.

- a. Wealth tax
- b. Income tax
- c. Goods and Services tax (GST)
- d. Gift tax

5. Which of the following will be taxable as Income from Capital gain?

- a. Sub-letting of a house
- b. Letting of a house
- c. Sale of a house
- d. Resale of a house

6. ____ is not a capital asset.

- a. Land
- b. Agricultural land
- c. Residential Property
- d. Shares.

7. Deduction under Section 80 U for physical disability, can be claimed by ____

- a. Individual
- b. Hindu Undivided Family (HUF)
- c. Partnership Firm
- d. Company

Q.5) Short Notes (Any 3)

(15)

- 1) Taxability of pension
- 2) 80-U
- 3) Gratuity
- 4) Deductions under Income from other sources
- 5) Gross Total Income