

Direct Tax.YBAF SUB: DIRECT TAX SEM III 2019
DURATION: 2 ½ HOUR 11.2.20

MARKS: 75

- NOTES: 1) All Questions are Compulsory.
2) Figures to right indicate full marks.
3) Working note will be part of answer.
4) Use of simple calculator is allowed.

Q1) A] Fill

In the blanks [attempt any 8]

[8]

1. Un-commuted pension received by a Government employee is
a) Exempt b) Tax
2. Amount notified as exempt gratuity for a non-government employee is
a) 5,00,000 b) 20,00,000
3. Standard deduction under section 24(a) from Income from house property is
a) 1/3 of NAV b) 30% of NAV
4. The presumptive taxation scheme of section 44ADA, cannot be adopted by
a) Resident HUF b) LLP firm
5. To be a long-term capital asset, a residential property should be held for more than
a) 24 months b) 36 months
6. Gift received by an individual Rs 70,000 from his relative shall be
a) fully exempt b) fully taxable
7. The deduction u/s 80E is allowed for repayment of interest to the extent of :
a) any amount b) 25000
8. There is a Short-Term Capital gain if listed equity shares sold were held for
a) Not more than 12 months b) Not more than 24 months
9. Dividend received from credit Co Operative Society is
a) fully taxable b) fully exempted
10. Smt. Naina received family pension of Rs 81,000 during the P.Y. 2018-19. She is eligible for standard deduction of
a) Rs 15000 b) NIL

Q2] Match the column [attempt any 7]

[7]

1] Salary to partner by firm	A] Capital assets
2] Shivaji university	B] allowable business expenses
3] person with tax liability	C] Not treated as income
4] deduction u/s 80 DD with Severe disability	D] business income
5] Drawing and Painting	E] Artificial judicial persons
6] GST	F] 12500
7] Gift from customers	G] AOP
8] Remittance in India	H] gross total income
9] MIG cricket club	I] Assessee
10] maximum deduction under	J] income from business



Chapter VIA

Q2)A) From the following incomes earned by Mr. C during the financial year 2018-2019, determine its total income for the assessment year 2019-2020 if he is (1) Resident (2) Not Ordinarily resident (3) Non-Resident. (7)

	Rs.
(a) Profits form a business in Haryana managed from Dubai	35000
(b) Pension for services rendered in India	13000
(c) Interest on UK Govt bonds half of which is received in India	6000
(d) Income from property situated in USA received there	24000
(e) Past foreign untaxed income brought to India during the previous year	9000
(f) Income from agriculture land in UK received there and then brought to India	35000
(g) Income from profession in Sri Lanka which was setup in India, received there	14000

B)Mr. Chaitanya, an employee of Bakul Co. Ltd. at Mumbai and covered by Payment of Gratuity Act, retires at the age of 64 years on 31-12-2018 after completing 33 years and 7 months of services. At the time of retirement, his employer pays Rs. 18,51,650 as Gratuity. He is also entitled for monthly pension of Rs. 9000. He gets 80% of pension commuted for Rs. 6,00,000 on 1st February, 2019

Determine the salary chargeable to tax for Mr. Chaitanya for the assessment year 2019-2020 with the help of following information: (8)

Particulars	Rs.
Basic Salary (Rs. 90000 X 9)	8,10,000
Bonus	36,000
House Rent Allowance (Taxable)	1,17,000
Employer Contribution towards recognised provident fund (Exempt Rs. 88000)	1,10,000
Professional tax paid by Mr. Chaitanya	2000

Note: Salary and pension falls due on the last day of each Month

OR

Q.2) A) Mr. Sayam owns five houses at Mumbai. Compute the gross annual value of each house from the information given below: (5)

Particulars	House -I	House -II	House -III	House -IV	House -V
Municipal value	1,50,000	2,80,000	1,50,000	80,000	85,000
Fair Rent	2,00,000	2,80,000	1,55,000	75,000	90,000
Standard rent	1,15,000	N.A	1,65,000	N.A	88,000
Actual rent received / receivable	2,10,000	2,50,000	1,70,000	1,10,000	78,000

B)Mr. Shreyansh owns a soap factory at Bhiwandi. Following is the profit and loss account prepared by him for the accounting year 2018-2019 (10)

Particulars	Rs.	Particulars	Rs.
To GST (incurred during year)	2,400	By Gross Profit	90,000



To Advertising	5,000	By House Property Income	7,000
To Bonus	8,800		
To Commission	2,300		
To Depreciation	6,000		
To Donation to National Defence Fund	1,000		
To Embezzlement by an employee	2,000		
To General expenses	5,500		
To Salary to Staff	12,000		
To Office expenses	5,000		
To Discount to retailers	3,000		
To sundry expenses	6,000		
To Net Profit	38,000		
	97,000		97,000

Compute his business income for the assessment year 2019-2020. Further particulars:

- (1) GST paid during the year was 600. Total bonus paid during the year was 8,800 debited in the books and 10,000 provided for in preceding year but paid in the current year
- (2) Office expense include 1,000 paid bribes
- (3) General expense includes 1,100 being the municipal taxes in respect of house property

Q3) A) Mr. Rushil an Indian citizen went to Canada for the first time for the purpose of employment on 8th May 2018. He came back to India on 20th November 2018. Find out his residential status for assessment year 2019-2020. (5)

B) Compute the income from house property from the following particulars in respect of a new property owned by Simran which was let out from 1-4-2013 onwards: (10)

Particulars	Rs.
Fair rent	70,000
Actual rent receivables	8500 p.m.
Rent received (for 10 months only due to vacancy period of 2 months)	85,000
Municipal taxes paid (including arrears for earlier years)	15,000
Interest on borrowing paid during the year	25,000
Interest on borrowing paid prior to 1-4-2013	30,000
collection charges	3,500
Unrealised rent claimed as deduction in earlier year, but received during the year 2018-2019	15,000
Arrears of rent for earlier years received during the year	10,000
Expenditure on repairs to property	3,000
Ground rent paid	4,500
Insurance premium paid, relating to the property	2,200
Expenditure incurred on collecting unrealised rent	3,500

OR



Q.3) A) Mr. Prafful purchased a house property for Rs. 1,45,000 on 19th August 1991. He made the following addition to the house property. Cost of construction on 1st floor in 2005-2006 Rs. 13,50,000. (Marks 8)

The fair market value of the property on 1-4-2001 was Rs. 15,50,000. He sold the property on 15th October 2018 for Rs. 95,00,000. He paid brokerage of Rs. 25000 for the sale of transaction

The cost inflation index for Financial Year 2001-2002 is 100, for financial year 2005-06 is 117 and Financial Year 2018-19 is 280.

Compute the capital gains of Mr. Prafful chargeable to tax for assessment year 2019-20

B) Ms Niyati is a professor of Accounts in Y.K. College. The particulars of her income for the year ending 31-3-2019 are as follow: - (7)

1. Salary – Rs. 38,000
2. Royalty from Books – Rs. 35,000. Expenses on typing etc. were Rs. 6000
3. Honorarium received from a management institute as a visiting lecturer – Rs. 2000. Conveyance for visiting the institute – Rs. 200
4. Examinership fees from the university of Mumbai – Rs. 2000
5. Family pension of Rs. 42,000 on death of her husband from his employer
6. She received the 'Dronacharya' Award of Rs. 15000 for the best teacher of the year from the state government

Compute gross taxable income of Ms Niyati for the assessment year 2019-2020

Q4) Dr. Vikram is employed with Mehta hospital as full-time doctor. Following are details of his income for the year ended 31st March 2019 (15)

1. Basic Salary Rs. 13,000 Per Month
2. D.A @ 30% of Basic
3. H.R.A Rs. 11,000 [Exempt u/s 10(13A) Rs. 5500]
4. He is provided conveyance facility for journey from his residence to hospital and back costing the hospital Rs. 8,000
5. Entertainment allowance Rs. 500 pm
6. Arrears of salary Rs. 7000
7. Professional Tax deducted by hospital Rs. 2,400
8. Best doctor award given to him by Mehta Hospital Rs. 4,000
9. He was selected the best surgeon by the state government and was awarded "The Dhanvantri" award instituted in public interest Rs. 20000
10. He received honorarium for presenting papers in various seminars Rs. 2000
11. He was owing a surgical equipment which was given on hire to Dr. Laxman Prasad. Hire charges received by him were Rs. 25000. The expenses on maintenance amounted to Rs. 2500 and allowable depreciation Rs. 4500
12. He paid Rs. 18000 by cash to LIC for pension fund
13. He paid by cheque for medical Insurance as follow:
 - i. For self 12500
 - ii. For Wife 12500
 - iii. Dependent Children 12500
 - iv. Independent Parents 12500

50000



Compute his net Taxable Income for the A.Y. 2019-20

OR

Q.4) Mr. Aakash works with the Western railway. He gives you following information for the year ended 31st March, 2019. (15)

Basic Salary	60,000	Per Month
Dearness Allowance	18,000	Per Month
Received Arrears Of salary	45,000	
Conveyance allowance received (Amount spent Rs. 18000)	25,000	
Re-imburement of medical expenses in government Hospital	58,000	
Profession tax deducted from salary	2,500	Per annum
Other Information:		
Dividend received from Dena Bank	15,000	
Interest received from Government securities	29,000	
Royalty received	70,000	

He paid by cheque Mediclaim premium of Rs. 19000 on health of himself, spouse and children. He had taken loan from SBI for higher education of his son who is pursuing MBA with Mumbai university. During the year 2018-19 he paid Rs. 70000 as interest on his loan.

Compute his taxable income for the assessment year 2019-20

Q5) Short Notes (attempt any three) (15)

1. 5 Deductions u/s 80
2. Entertainment allowance
3. Deemed to be let out property
4. Capital Gain
5. Types of Residential status

OR
Q.5) A) Enumerate any six items expressly disallowed while computing income under the head income from business. (8)

B) Describe the different categories of assesses according to their residential status. (7)