

SYBAF

SUB: DIRECT TAX

SEM III

2019

22.1.20

DURATION: 2 ½ HOUR

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]  
(8)

State whether True or False [attempt any 8]

- 1) Residential Status does not depend upon citizenship.
- 2) An Indian Company need not always be resident in India.
- 3) Entertainment allowance is allowed as deduction only to Government employees.
- 4) Allowances to Judges of Supreme Court is taxable perquisite.
- 5) Stock of finished goods of a business is not a capital asset.
- 6) Gift received exceeding 50000 from a non-relative is not taxable.
- 7) Any sum received under Key Man Insurance Policy is taxable.
- 8) In case of short-term capital asset indexation is applicable.
- 9) Previous year means financial year.
- 10) All pensions are exempt from tax.

B) Match the columns (attempt any 7)

(7)

	COLUMNS A		COLUMNS B
1	Maximum deduction under chapter VI A	a	Taxable salary Income
2	Stock in Trade	b	AOP
3	Subsidised Lunch	c	Gross Total Income
4	Standard deduction from NAV	d	Tax Free Perquisite
5	Voluntary Gift from Customers	e	Not treated as income
6	Darjeeling Sports Club	f	U/S 6
7	Salary of MP/MLA	g	Not a Capital Asset
8	Uncommuted Pension	h	Business Income
9	Remittance in India	i	30% of NAV
10	Residential Status	j	Income from Other Sources

Q2) A) Mr. Raj, a British citizen had the following income during the year ended on 31<sup>st</sup> March 2019

	Rs.
1 Income from house property in India	16,000
2 Income from property in Rome	12,000
3 Interest from Bank account in India	1,200
4 Income from business in Bangladesh, being controlled from India	17,000
5 Interest on bank account in U.S. A	13,000
6 Salary earned and received in Tokyo	14,000
7 Income earned and received in London	11,000



8 Dividend from British company received in India

15,000

compute his total income for the assessment year 2019-20, if he is:

(8)

(i) A Resident (ii) A resident but not Ordinary resident (iii) A Non – Resident

B) Mr. Shree joined a company XY Ltd. On June 1, 2018 and was paid the following emoluments and allowed perquisites as under:

(7)

Emoluments:

	Rs.	
Basic Pay	55000	Per Month
Dearness Allowance	22000	Per Month
Bonus (Target Achiever)	100000	Per Month

Perquisites:

1. Furnished accommodation owned by the employer and provided free of cost. Taxable value of this rent-free furnished accommodation was Rs. 2,51,000
2. The company paid medical insurance premium of Mr. Shree amounting to Rs. 15000

Before joining the company XY Ltd, he was a central government employee and retired on May 31, 2018. He was paid the following emoluments and perquisite till May 31, 2018 by the government.

	Rs.	
Basic Salary	108000	P.A
Dearness Allowance	6600	P.A
Entertainment Allowance since 1962	24000	P.A

From June 1, 2018 he receives the monthly pension of Rs. 3500 from the government. He received Rs. 35000 as leave salary in respect of earned leave at his credit. He received Rs. 130000 as gratuity.

Compute the taxable salary of Mr. Shree for the assessment year 2019-20

OR

Q.2) A) Compute the amount of deduction u/s 80C from the following details of "Yash": (5)

	Rs.
1) Contribution to PF (Minimum rate)	34,000
2) Additional voluntary contribution to PF	18,000
3) Deposits in 10-year Post office savings bank cumulative time deposit scheme	7,000
4) Subscription to Kisan Vikas Patra (KVP)	10,000
5) Insurance Premium on own life (Due on 20-3-2019, paid on 1-4-2019)	20,000

B) Mr. Roshan is a proprietor of a business. Following was the profit and loss account of his business for the year ended 31<sup>st</sup> March 2019. You are required to compute his income from business for the assessment year 2019-20

(Marks 10)



Particulars	Amount	Particulars	Amount
To Opening Stock	2,50,000	By Sales	14,50,000
To Purchase	11,00,000	By Closing Stock	2,45,000
To Office Salaries	68,000	By Income Tax refund	17,000
To Proprietors Salaries	35,000	By Dividend from UTI	25,000
To Bad Debts	30,000	By Dividend from ONGC	30,000
To Advertisements	12,500	By Interest on PPF	18,000
To Fire Insurance Premium	5,500		
To Conveyance Expenses	6,000		
To Interest on Proprietors Capital	28,000		
To Medical Expense	22,000		
To General Expense	39,000		
To Wealth Tax Paid	6,000		
To Residential Telephone Expense	15,000		
To GST Penalty	4,500		
To Depreciation	30,000		
To Net Profit	1,33,500		
	17,85,000		17,85,000

**Additional Information:**

- 1) The residential telephone is used half the time for office work
- 2) Purchases include 90,000/- paid for cash purchase, exceeding the limits prescribed under Section 40A(3) of the Income Tax Act, 1961
- 3) General expense include advance Income tax of 13,000/- paid during the year and 500/- for purchase of lottery tickets
- 4) Depreciation allowable as per Income tax rules 35,000/-

Q.3) A) Mr. Rushil an Indian citizen went to Canada for the first time for the purpose of employment on 8<sup>th</sup> May 2018. He came back to India on 20<sup>th</sup> November 2018. Find out his residential status for assessment year 2019-2020. (5)

B) Dharti has a residential property, details of which are given below: (10)

Particulars	Rs.
Municipal Valuation	110000
Fair rent per month	16000
Standard Rent per month	10000
Municipal Taxes paid @ 20% of Municipal Valuation	
Interest on loan for purchase of this house	25000
Rent receivable per month	10200

The house property was vacated by the tenant on the last day of October, 2018. It could then be let out only from 1<sup>st</sup> January, 2019 @ 15,000/- per month. Rent for March, 2018 could not be realised (the condition under the relevant Income tax rules were satisfied). Compute her income from house property for the assessment year 2019-20.



OR

Q.3) A) Mr Dhruvit purchased a house property for 1,50,000 on 31st August 1999. He made the following additions/ alternations to the house property. (7)

Cost of construction of 1 <sup>st</sup> floor in financial year 2003-04	15,00,000/-
Cost of construction of 2 <sup>nd</sup> floor in financial year 2010-11	16,00,000/-

Fair market value of the property on 1/04/2001 was 18,00,000/-. He sold the property on 30<sup>th</sup> October 2018 for 2,05,00,000/-. He paid the brokerage of 50,000/- for the sale transaction. The cost inflation index for financial year 2001-02 is 100, for financial year 2003-04 is 109, for financial year 2010-11 is 167 and for financial year 2018-19 is 280.

Compute the capital gain of Mr Dhruvit chargeable to tax for the assessment year 2019-20.

B) Mr YUG submits the following details for the year ending 31<sup>st</sup> March 2019 (8)

- 1) He has rented his factory building along with plant and machinery, and furniture for a lumpsum higher charge of 1,20,000/- per year.
- 2) The following expenses were incurred a) Repairs to building 11,000/- b) repairs to machinery 6000/- c) furniture purchases 8,000/-
- 3) Depreciation on building, machinery and furniture amounted to 9000/- (as per Income tax rules)
- 4) Salaries paid to Maintenance staff were 22,000/-. Employees contribution to provident fund deducted from salaries during the year 2500/-. Out of such contribution 1800/- was paid within the due date to the credit of the employee's accounts.
- 5) Salaries included payment to a close relative, which was excessive to the extent of 3000/-.
- 6) One of the ex-employees has embezzled 10,000/- in the past which was allowed as deduction in the assessment year 2014-15. The police had caught the employee and recovered 6000/- which was handed over to Mr YUG in October 2018.

Q.4) Mr. Aakash works with the Western railway. He gives you following information for the year ended 31<sup>st</sup> 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 on 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

OR

Q.4) Mr Saurabh is a physically disabled person (90% disability). He is employed with Mumbai printers. He gives you the following information for the year ended on 31<sup>st</sup> March 2019. (15)

Particulars	Amount
Basic Salary	700000 p.a.
Bonus	375000 p.a.
Entertainment allowance	50000 p.a.
HRA (Exempt house rent allowance 19000/-)	140000 p.a.
Conveyance allowance (Amount spent on official conveyance 21,600/-)	25000 p.a.
Perquisite value of subsidised meal at workplace	25000 p.a.
Profession Tax deducted	2500
<b>Particulars of Owned House (Let Out)</b>	
Municipal Valuation (per month)	80000
Rent received (per month)	65000
Municipal taxes paid during the year	
(a) For Previous year 2018-19	25000
(b) For Previous year 2017-18	13000
Interest paid on borrowed capital for construction of house	170000

**Other information:**

He completed his graduation in engineering in 2016.

For this he had taken an educational loan from Corporation Bank in 2011. During the year he paid 90,000/- as interest on this loan.

Compute his taxable income for the assessment year 2019-20.

Q.5) Short Notes (attempt any 3)

(15)

- 1) HRA
- 2) SOP
- 3) Long term capital gain
- 4) Agriculture Income
- 5) Non resident

OR

Q.5) A) What are the deductions allowed from the income from salary? Explain it. (8)

B) Enumerate any six items expressly disallowed while computing income under the head income from business. (7)