

Taxation
8.5.18

Apr
May 2018

Q. P. Code: 36200

Marks: 75

Time: 2:30 Hours

Please check whether you have got the right question paper.

N.B:

1. All questions are compulsory.
2. All questions carry 15 marks.
3. Figures to the right indicate full marks.
4. Use simple calculator.
5. Working should be part of answer.



Q.1 A) State whether the statements are True / False (Rewrite the sentence) **Any 08** (08)

1. Clubbing of Income also includes clubbing of Losses.
2. Loss of one business can be set off against profit of another Business.
3. Rent paid for Plant and Machinery is liable for TDS @ 2%.
4. Periodic recovery of Tax is introduced to provide regular flow of revenue to Government.
5. First Installment for Advance Tax for Company falls on 15th June of the financial year.
6. Interest under section 234A is not levied if return is not furnished.
7. TDS under section 192 is @ 15%.
8. Loss from owning and maintaining of Race Horse can be carry forward for 8 years .
9. Individual can be taxes in respect of his own Income only.
10. Tax Audit Limit for Business is Rs 50 lakhs.

B) Match the Column (Rewrite the sentence) **(Any 07)** (07)

Sr.No	Column A	Column B
1	Clubbing u/s 10 (32)	Section 234A
2	TDS on Salary	Section 139(1)
3	Speculative loss	Can be carry forward Indefinitely
4	Voluntary Filing of Return	Section 139(3)
5	Delay in Filing the Return	Relief under section 91
6	Resident in India	Speculative Income
7	Both spouse have substantial Interest	TDS under section 192
8	Return of Loss	Rs . 1500 per Minor Child
9	Un-absorbed Depreciation Loss	Section 139(4)
10	Belated Return	Clubbing in Income of spouse with Higher Income

Q.2 Mr. Raman Kumar submits the following information in respect of A.Y. 17-18.

Calculate his net Income. Also show losses to be carried forward.

(15)

Particulars	Rs.
Income from salary	400,000
Income from House Property	
House I	1,25,000
House II	(-) 2,00,000
<u>Income from Business:</u>	
Business I (Non-speculative)	54,000
Business II (speculative)	(-) 24,000
<u>Income from Capital Gains:</u>	
Long term Capital Gains	30,000
<u>Income from Other Sources:</u>	
Interest on Debentures	10,000
Lottery Winnings	80,000

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You are informed that: i. He spent Rs. 1,500 as collection charges toward interest on debentures (allowed to be deducted u/s 57 as expenditure) ii. He has following carried forward losses.

Particulars	P.Y.	Amount
Business Loss	2015-2016	20,000
Long Term Capital Loss	2015-2016	25,000

OR

Q.2.A) Find out the amount of Advance Tax payable by Mr. Vijay 45 years during the Financial year 2016-17 (08)

	Rs
Business Income	1,80,000
Long term capital gain on transfer of Capita Asset	1,63,000
Bank Interest (FD)	1,20,000
Other Income	1,10,000
Tax deducted at source	22,000

B) Mr. Vikram has estimated his tax liability to be Rs 1,35,000 and has paid advance tax accordingly but subsequently his tax liability was found to be Rs 1,90,000. Calculate Interest U/s 234C. (07)

Q.3. Mr. Selman doing manufacture and wholesale trade is subject to tax audit in financial year 2015-2016. State whether tax deduction at source provisions are attracted for the below said expenses incurred during the financial year 2016-17 also calculate the amount of TDS: (15)

(Rs _____)

a) Interest paid to UCO Bank on Term loan	51,000
b) Contract payment to Mr. Raj (2 contracts of Rs 35,000 each)	70,000
c) Shop rent paid (Mr. A owner)	1,90,000
d) Commission paid to Mausin (December 2016)	27,000
e) Interest paid to Mrs. Sureka on loan	9,800
f) Audit fees paid to CA Raman Kumar & Co.	45,000
g) Rent paid on Plant and Machinery to Mr. X	1,95,000

OR

Q.3. Calculate TDS in the case of an employee (Male or Female) resident of India having salary income of: (15)

Particulars	Below 60 yrs (i)	65 years (ii)	85 years (iii)
Gross Salary Income Rs,	5,00,000	10,00,000	20,00,000
(Including allowances) Contribution of P.P.F. Rs.	50,000	1,00,000	1,00,000

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Q.4. Ram a resident Indian, has derived the following income for the previous year relevant to the Assessment Year 2017-18. (15)

Particulars

	<u>Rs</u>
Income from Profession	6,00,000
Share of Income from a Partnership firm in country X (Tax paid in country X for this income is equivalent Indian Rupees 30,000)	2,00,000
Commission income from a concern in country Y	40,000
(Tax paid in country @ 20%, converted in equivalent Indian Rupees)	
Interest on Scheduled Banks (other than savings) account	40,000

Ram wishes to know whether he is eligible to any double taxation relief, if so, its quantum. India does not have any Double Taxation Avoidance Agreement with Countries X and Y.

OR

Q.4. From the Profit and Loss account of M/s X & Company (Partnership Firm having Mr. X and Mr. Y as partner) for the year ending 31/03/2017. Calculate Remuneration payable under section 40b and the Tax liability of the firm the requirement of section 184 is satisfied (15)

Particulars	Amount (Rs)	Particulars	Amount (Rs)
Cost of Goods sold	18,00,000	Sales	26,00,000
Office Expenses	72,100	Income from House Property	1,20,000
Other Expenses	1,35,000		
Interest on Partners Capital @ 15%	1,20,000		
Remuneration to Partners	1,80,000		
Depreciation	45,500		
Net Profit	3,67,400		
	27,20,000		27,20,000

Other Information

- Other expenses of Rs 12,000 are not deductible under section 36 & 37 of Income Tax Act.
- Depreciation as per Section 32 is Rs 31,500.
- Office expenses include Rs 15,000 personal expenditure of partners

Q.5.A) State the provision for clubbing of Remuneration received by spouse u/s 64. (08)

B) Write a note on Inter source Adjustment u/s 70 (07)

OR

Q.5. Write a note on (Any Three) (15)

- Defective Return
- Clubbing of Income of Minor child
- Remuneration to partners
- Inter head adjustment u/s 71
- Due date of filing Income Tax return
