

SYBAF sem IV Reg. Exam April - 2019.
Paper / Subject Code: 78012 / Taxation-III (Direct Taxes Paper II)

04/5/19.

(2½ Hours)

[Total Marks: 75]



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 form part answer.

Q1(A) State whether the following statements are True or False:-(any 8) (08)

1. A firm cannot pay remuneration to its partners if it has incurred loss.
2. Revocable transfer gives the transferor right to re-assume power of the asset.
3. There cannot be a loss under the head 'salaries'.
4. Belated Return can be submitted at any time before the end of the relevant assesment year or before the completion of the assesment whichever is earlier.
5. Revised return can be filed before the expiry of one year from the end of the relevant assessment year or before the completion of assessment whichever is earlier.
6. The person responsible for deducting TDS is the person who pays the amount.
7. Advance tax is also payable on capital gains income earned by the assessee.
8. Interest u/s 234B is levied if the advance tax that has been deposited is insufficient.
9. It is a universally accepted principle that same income should not be subjected to tax twice.
10. Income on which tax has been paid in foreign country is eligible for claiming relief u/s 91.

(B) Fill in the blanks with correct option (Any 7) (07)

1. _____ aims to prevent tax avoidance by diversion of income.
a) Double Taxation b) DTAA
c) Clubbing of Income d) Both (b) and (c)
2. An individual is entitled to an exemption of _____ in respect of income of minor child.
a) Rs.150 per child p.m. b) Rs.15,000
c) Rs. 1,500 per month d) Rs.1,500 per minor child
3. Speculation loss can be set off against _____.
a) Short term capital gain b) speculative Income
c) Both (a) and (b) d) none of the above
4. Unabsorbed short-term or long-term capital loss can be carried forward upto _____ succeeding assessment years.
a) 4 b) 6 c) 8 d) 10
5. In case a firm has a book profit of Rs.2,00,000, maximum remuneration allowable as deduction is _____.
a) Rs.1,50,000 b) Rs.1,20,000
c) Rs.1,80,000 d) Rs.1,70,000
6. The due date for filing return of income for an assessee whose accounts are required to be audited is _____.
a) 30th June b) 31st July c) 31st August d) 30th September



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7. The assessee gets ___ days period u/s 139 (a) to rectify the mistake in a defective return.
a) 5 b) 10 c) 15 d) 20
8. An individual and HUF whose books of accounts are subject to ___ in the preceding financial year is liable to deduct tax at source.
a) Internal audit b) Statutory audit
c) Tax audit d) Revenue audit
9. TDS is to be deducted @ ___ U/s 194 A.
a) 30% b) 15%
c) 5% d) 10%
10. ___ means taxing the same income twice in the hands of an assessee.
a) Clubbing of Income b) Double Taxation
c) Either (a) or (b) d) Both (a) and (b)

Q.2(A) From the following Income and Expenditure Account of Dr. Kamble compute his total taxable income and tax liability for Assessment Year 2018-19.

Income & Expenditure Account for the year ended 31-3-2018

(15)

Expenditure	Rs.	Income	Rs.
To Staff Salaries	1,20,000	By Consulting fees	4,00,000
To Dispensary Expenses	67,500	By Visit Fees	1,00,000
To Dispensary Rent	60,000	By Gift from Patients	40,000
To Purchase of Medicines	45,000	By Sale of Medicines at the Dispensary	80,000
To Income Tax	35,000	By Rent From House Property	1,20,000
To Professional Fees to Doctors	22,000		
To Car Expenses (For Profession)	36,400		
To Membership Fees	2,000		
To Municipal Tax for Rented House	12,000		
To Interest on Housing Loan for Rented House	18,000		
To Printing Charges	4,000		
To Depreciation	48,000		
To Charity	1,500		
To Surplus for the year	2,68,600		
	<u>7,40,000</u>		<u>7,40,000</u>

Additional Information:

1. Gift from patients include Rs.1,000 from his father in personal capacity.
2. Depreciation as per Income Tax Rule Rs.45,000.
3. He paid medical insurance premiums of Rs.8,000 by cheque.
4. He purchased National Savings Certificates of Rs.30,000 and paid Life Insurance Premium of Rs.60,000.
5. He paid Rs.20,000 to Nationalised Bank towards Principal Repayment of Housing Loan.

OR



Q.2(B) Income and Expenditure A/c of Lawyers & Co. for the year ending March 31, 2018 (15)

Particulars	Rs.	Particulars	Rs.
To Expenses	1,50,000	By Professional Receipts	3,80,000
To Depreciation	20,000	By Other Fees	90,000
To Remuneration to Partners	1,50,000		
To Interest on Capital to Partners @ 20 percent	20,000		
To Net Profit	1,30,000		
	4,70,000		4,70,000

Other Information:

- Expenses include Rs.18,000 and Rs.12,000 paid in cash as brokerage to a single party on a single day.
 - Depreciation calculated as per section 32 is Rs.40,000.
- Compute the Total income of the firm and also compute tax payable by the firm for Assessment year 2018-19.

Q.3 (A) Mrs. X has Tax Liability of Rs.4,90,000 for Previous Year 2017-18. She has paid advance tax as given below: (07)

- Upto 15th June 2017 - Rs. Nil
- Upto 15th Sept. 2017 - Rs. 30,000
- Upto 15th Dec. 2017 - Rs. 80,000
- Upto 15th March 2018 - Rs. 1,00,000

Balance amount of tax was paid on 10th December 2018, while filing the return.

Compute her liability for the Assessment Year 2018-19 for interest under section 234A, 234B and 234C.

Q.3 (B) During the previous year 2017-18 the following transactions occurred in respect of Mr.A. (08)

- Mr. A had a fixed deposit of Rs.5,00,000 in Bank of India. He instructed the bank to credit the interest on the deposit @ 9% from 1-4-2017 to 31-3-2018 to the savings bank account of Mr.B, son of his brother, to help him in his education.
- Mr. A holds 75% share in a partnership firm. Mrs. A received a commission of Rs.25,000 from the firm for promoting the sales of the firm. Mrs. A possesses no technical or professional Qualification.
- Mr. A gifted a flat to Mrs. A on April 1, 2017. During the previous year the flat had income as computed under the head House Property Rs.52,000 to Mrs. A.
- Mr. A gifted Rs.2,00,000 to his minor son who invested the same in a business and he got an income of Rs.20,000 from the investment.
- Mr. A's minor son derived an income of Rs.20,000 through a business activity involving application of his skill and talent. During the year Mr. A got a monthly pension of Rs.10,000. He had no other income. Mrs. A received salary of Rs.20,000 per month from a part time job.

Discuss the tax implications of each transaction and compute the total income of Mr. A, Mrs. A and their minor child.

OR

Q3 (C) Ascertain the Amount of T.D.S for the following independent situation (08)

- State Bank of India has to pay interest of Rs. 4,00,000 to Mr. Arun.
- Aper Rubber Ltd has to pay rent for a warehouse owned by state Government.
- Aper Rubber Ltd has to pay a sum of Rs. 4,00,000 to an engineer.
- Mr. Ajay has to pay Rs. 19,000 as Professional charges.

Q.3(D) Tax payable by Ms. Smita is Rs. 12,570 and T.D.S is Rs 1000. Calculate Advance (07)
Tax Payable on the respective due dates.

Q.4(A) For the assessment year, 2018-19. Mr. Ganesh a non-resident individual, furnishes the following information: (15)

Particulars	Rs.
Business Income	1,15,000
Income from House Property	32,000
Long Term Capital Gains	2,00,000
Short Term Capital Gains	4,05,000
Income from owning and maintaining race horses	2,15,000
Income from card games	1,10,000

Besides, Mr. Ganesh has the following brought forward losses/ allowances.

Particulars	Rs.
Brought forward business loss of the assessment year 2012-13	1,21,000
Unabsorbed depreciation allowance of the assessment year 2011-12	1,05,000
Long Term Capital Loss in respect of the assessment year 2015-16	3,45,000
Brought forward loss from the activity of owning and maintaining race horses of the assessment year 2014-15	2,75,000
Speculation losses of the assessment year 2013-14	50,000

Determine the Gross Total Income of Mr. Ganesh for the assessment year 2018-19

OR

Q.4(B). Roshan a resident Indian, has derived the following incomes for the previous year relevant to the assessment year 2018-19. (15)

Particulars	Amount (in Rs.)
1. Net Income from Profession in India	6,00,000
2. Coaching Receipts received in foreign country X (tax paid in country X for his income in equivalent Indian rupees 60,000)	6,00,000
3. Salary received from foreign country Y (Tax paid in country Y @ 20%) converted in Indian rupees	1,00,000
4. Fixed Deposit Interest from Indian Banks	2,00,000

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

Q5. (1) Discuss circumstances under which the return of Income is considered defective. (8)

(2) Explain any five provisions of set off and carry forward. (7)

OR

Q5. Write short notes:- (any 3) (15)

- Remuneration to Partner u/s 40(b)
- Advance tax on Capital Gains
- Tax Evasions
- Distinguish between interest u/s 234B and interest u/s 234C
- Provision of DTAA