

Taxation - IV
23.5.18

Q. P. Code: 50156

Time: 2:30 Hours

Marks: 75

Q.1] (A) Match the following: (Any Eight)

(8 marks)

1	Revised Return	A	Exemption of 1500/-
2	Income of minor child	B	30 th September
3	Section 60	C	Long term capital Gain
4	Long term capital loss	D	Omission or wrong statement is discovered
5	Section 194 I	E	Payment to Resident contractor
6	Section 194 C	F	Irrevocable Transfer
7	Due date of filing of return of company	G	Speculative Income
8	Dividend from Indian company	H	15 th September
9	Speculative loss	I	Exempt u/s 10
10	Due date of payment of Advance Tax for an individual	J	TDS on rent

Q.1] (B) Fill in the blanks: (Any seven)

(7 Marks)

- Speculative loss can be set-off against _____.
a) Speculative Income b) Business Income c) Income from other sources.
- Capital loss can be carried for _____ assessment year.
a) 16 b) 8 c) 4.
- Carried forward business loss can be set-off against _____.
a) Any head of income b) business profit only c) all heads except salary.
- _____ aims to prevent tax avoidance by diversion of income.
a) Double Taxation b) Clubbing of income c) Set-off.
- Minor child includes _____ Child.
a) Step b) neighbour c) Orphan.
- The prescribed form of Income tax return for company is _____.
a) ITR 1 b) ITR 6 c) ITR 4.
- Long term capital loss can be set-off against _____.
a) Long term capital Gain b) Speculative Income c) Short term capital gain.
- Transfer of income without transfer of asset would be taxable in the hands of _____.
a) Transferor only b) Transferee c) the person who has higher income.
- How many times revised return can be revised?
a) one time b) two times c) three times d) any number of times as nothing specified in the Income Tax Act regarding this.
- Company assesses are required to pay advance tax in _____.
a) Two installments b) three installments c) four installments.

Q.2] (A) Mr. Mohan provides the following particulars of the assessment year 2017-18:

(8 Marks)

Particulars	Rs. in Lakhs
Income from house property	3.00
Income from other source	2.00
Income from business	5.00
Loss under the head 'Income from other sources' of Mrs. Mohan (to be clubbed with the income of Mr. Mohan)	1.00
Salary received by Mrs. Mohan (to be clubbed with the income of Mr. Mohan)	6.80
Professional income of Rohan (minor child of Mr. Mohan) from singing	2.00

Compute the total income of each family member.

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Q.2] (B) Mr Sanjay and minor son Rohan provide you with the following information for the year ended 31-03-2017

(7 Marks)

Particulars	Mr. Sanjay	Master Rohan
Income from Salary	1,00,000	Nil
Income from Profession (Professional fees received as a Artist)	Nil	25,000
Interest on Fixed Deposits	10,000	2,000

Calculate net taxable income of Mr. Sanjay and Master Rohan for Assessment year 2017-18 applying the provisions of clubbing of income.

OR

Q.2] Compute the taxable income of Mr. Dipesh for the Assessment year 2017-18:

(15Marks)

Particulars	Rs
Net Income from Chemical business	1,00,30,000
Interest on Saving Bank Account	900
Share of Profit from a Partnership Concern	5,22,000
Short term capital Gain on Land	24,000
Short-term Capital Gain on House Property	1,20,000
Share of income from HUF in which he is a Member	2,82,000
Winning from Horse Race	10,000
Interest on Bank Deposits:	
- Deposit in his own name	4,000
- In the name of minor son	1,300
Amount for medical Treatment	49,000
Amount paid to ICICI Pension plan	12,000

Q.3] M/s. Shah & Mehta, a partnership firm, submits the following profit and loss account to you to for computation of taxable business income for the assessment year 2017-18.

(15Marks)

Profit & Loss account for the year-ending 31.03.2017

Particulars	Rs	Particulars	Rs
To Salaries and Wages	2,40,000	By Gross Profit	9,00,000
To Rent	1,32,000	By Dividend from UTI (ETSP)	19,000
To Printing	24,000	By Dividend from Indian Co.	50,000
To Telephone & Mobile Expenses	22,000	By Interest on FD with BOI	50,000
To Conveyance	19,000		
To Bad debts	18,000		
To Interest	78,000		
To Depreciation	1,20,000		
To Professional Fees	24,000		
To Subscription	24,000		
To Advertisement Expenses	18,000		
To Net Profit	3,00,000		
Total	10,19,000		10,19,000

Additional Information:

- a) Salaries include Rs. 1,50,000 paid to working partner Shah and Rs. 60,000 to working partner Mehta
- b) Interest paid includes Rs. 60,000 being interest paid to partner Mehta at the rate of 20% simple interest
- c) The firm purchases goods in case of one bill for Rs. 1,25,000 for which payment has been made by cash.

OR

Q.3] Mr. Vishal Shah (Senior Citizen), a severely handicapped person (89%) took voluntary retirement on 1st January, 2016 after completing 20 years of service in a Private Company. He furnishes the following information for the year ended 31st March 2016.

- (a) Basic Salary Rs. 25,000 pm
- (b) Dearness allowance @ 50% of Basic Salary
- (c) House Rent received Rs. 1,000 pm (Exempt Rs. 4,000)
- (d) Voluntary retirement compensation received Rs. 8,00,000 (Exempt Rs. 5,00,000)
- (e) Gratuity Received (fully exempt) Rs. 2,00,000
- (f) Commuted pension (1/3rd Exempt) Rs. 90,000
- (g) Uncommuted Pension Rs. 5,000 pm
- (h) Leave Encashment 2 months Basic (Exempt upto 10 months)
- (i) Professional Tax paid Rs. 2,500
- (j) He had given a loan of Rs. 2,00,000 to his friend. During the previous year 2015-16 he received Rs. 15,000 as interest on loan.
- (k) He paid Medical Insurance Premium on 1st February 2016 of Rs. 22,000 by Cheque **Compute the net taxable income and tax of Mr. Vishal Shah for A. Y. 2016-17**

(15 marks)

Q.4]

Mr. Devansh (26 years) is employed by a manufacturing company. For the previous year 2016-17 his estimated income is as follows:

Particulars	Rs	Rs
Estimated gross salary	12,40,000	
Less : Devansh contribution towards recognized provident fund	1,28,800	
Tax deduction at source by employer	<u>1,01,880</u>	
Take home pay		10,09,320
Estimated bank interest	1,00,000	
Less : Tax deduction at source by the Bank	<u>10,000</u>	
Net interest likely to be received by X from bank		90,000

Calculate the advance tax payable by Mr. Devansh for the financial year 2017-18.

OR

(15 marks)

Q.4]

XYZ firm made the following payments of advance tax during the previous year 2016-17:

	Rs In Lakh
September 15, 2016	7.00
December 15, 2016	7.75
March 15, 2017	<u>13.00</u>
	27.75

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The return of income is filed on 31.07.2017 showing
Business Income
Long Term Capital Gain Taxable @20% (as on 01-12-2016)
Compute interest payable u/s 234C

Rs. 80 Lakh
Rs. 20 Lakh

Q.5] A) Explain the significance of clubbing of income.

(8 Marks)

B) Explain the steps to be followed for tax to be deducted at source.

(7 Marks)

OR

Q.5] Write short notes on: (Any Three)

(15 Marks)

- a) Substantial Interest
- b) Revocable Transfer
- c) TDS from commission or brokerage u/s 194 H
- d) Unilateral Relief
- e) Tax liability of firm
