

FAA

TIME : 2 HRS.

MARKS : 60

Elements of I. & In. Taxes.

- N.B. : 1) Question No. 1 and 6 are compulsory.
 2) Answer any THREE questions from Q. 2, 3, 4 and 5.
 3) Figures to the right indicate marks.

Q. 1) Miss Barbie is a Chartered Accountant in practice. She is a resident and ordinarily resident in India. Her Profit & Loss Account for the year ended March 31, 2003 reads as follows : (15)

Expenses	Rs.	Income	Rs.
To Salaries to Staff	2,12,500	<u>By Fees Earned :</u>	
To Stipend to article clerks	5,250	Audit 5,10,400	
To incentives to article clerks	2,500	Taxation 5,40,000	
To Rent	12,000	Consultancy 4,62,000	15,12,400
To Printing & Stationery	2,800	By Dividend on shares of Indian Companies	10,623
To Meeting, Seminar & Conference	22,500	By income from UTI	2,800
To Interest on Loan	28,000	By Income from Horse Races	7,810
To Subscriptions & periodicals	8,250	By Examinership fees received	6,000
To Repairs & Maintenance of Car	8,750	By rent received from residential flat let out	36,000
<u>To Depreciation :</u>			
Car 7,500			
Office -----			
Furniture 7,250	14,750		
To Travelling Expenses	27,500		
To Municipal Taxes paid in respect of House Property	500		
	12,30,333		
	15,75,633		15,75,633

Other Information :

- 1/4 th of the use of car is attributable to personal purpose.
- 50% of the loan was used for the purpose of construction of the house property and 50% of loan was used for purchasing office equipment.
- Incentives to article clerks represents amount paid to two clerks for passing Intermediate Exam at first attempt.
- Depreciation as per Income Tax rules : Car – Rs.7,000 , Office Furniture – Rs.5,000

Compute the total income of Miss Barbie for A.Y. 2003 – 04.

Q. 2) Compute the income of Mr. Hulk under the head "Salaries" for the year ended 31st March, 2003. (10)

- Salaries received during the year Rs.1,47,000/-.
- Arrears for salary for earlier year received during the year Rs.6,000.
- Salary for April, 2002 received on 31st March, 2002 Rs.12,250.
- Bonus received Rs.3,000.
- Purchased Car by taking loan Rs.15,000.
- Perquisite value of car provided by the employer Rs.3,600.
- Received traveling allowance Rs.15,000 out of which he spent Rs.12,000 only.
- He has spend for books Rs.1,500, Profession tax Rs.1,080 and fees for membership of a Professional body Rs.300

Q. 3) Mr. Oswald is the owner of three house properties in Agra, the particulars of which are given as follows : (10)

	Property I	Property II	Property III
a) Actual Rent received	80,000	SOP	38,000
b) Fair Rent	80,000	1,04,000	39,300
c) Total Municipal Taxes	6,000	10,000	4,500
d) Municipal taxes paid by Tenant	3,000	-----	-----
e) Collection Charges	2,000	-----	300
f) Insurance Premium	800	1,500	1,480
g) Interest on loan for house	1,90,000	1,19,000	1,500

Compute Income from house Property for the Assessment Year 2003 – 04 assuming that the loan taken and acquisition of Self Occupied property was on 1st April, 2000. (10)

Q.4a) Miss Powerpuff, a resident of USA came to India for the first time on 1st May, 1995. She stayed here without break for 3 years and left for U.K. on 1st May, 1998 and returned to India on 1st April 1999. She was posted back to India on 20th January, 2003 and is still here. Determine her Residential Status for previous year ended 31st March, 2003, giving explanation for your answer. (5)

Q.4b) Mr. Pokemon, an Indian citizen furnishes the following particulars of income earned during the year relevant to assessment year 2003 – 04 :

- 1) Income earned in India but received in U.K. Rs.20,000.
- 2) Professional fees received in India Rs.15,000.
- 3) Salary earned and received in Rome Rs.40,000.
- 4) Interest on deposits on Indian Companies :
 - i) Received in India Rs.15,000.
 - ii) Received outside India Rs.30,000.
- 5) Income from Agriculture in Nepal Rs.20,000.
- 6) Income from business in U.K. controlled from India Rs.16,000.

Q. 5) Mr. Tom is having various different agencies. His Receipts and Payments Account is given below : (10)

Receipts	Rs.	Payments	Rs.
To Balance B/D	50,000	By Salaries :	
To Commission from LIC	14,50,000	Staff 2,40,000	
To Commission from Post Office	75,000	Own 6,00,000	8,40,000
To Commission from UTI	225,000	By Conveyance and Travelling	1,33,500
To Gift from Father	1,00,000	By Rent of Office	1,20,000
To winning from Horse Races	50,000	By Advertising	1,20,000
To LIC on maturity of own policy	3,00,000	By Household expenses	1,90,000
To winning from Lotteries	50,000	By Entertainment Expenses :Clients	1,20,000
		By purchase for furniture for office	1,05,000
		By Telephone expenses	1,25,000
		By LIP (For Self) (Life Insurance Premium)	40,000
		By Medical Treatment (Self)	1,15,000
		By Newspapers, Journals etc.	20,000
		By House Rent	60,000
		By Advance Tax & TDS	2,46,500
		By Balance C/D	65,000
	23,00,000		23,00,000

Following further information has been provided :

- a) Depreciation available as per Income Tax Act on Furniture is Rs.3,500.
- b) Purchase of old Typewriter for Rs.6,500 has been wrongly included in household expenses.

- Q.6a) Define and explain the following as per provisions of the Central Sales Tax Act, 1956 :
(Any TWO) :
- a) Dealer
 - b) Business
 - c) Declared Goods
 - d) Sale Price
- (10)
- Q.6b) Explain 'Manufacturer' u/s 2(17) with reference to what it includes and excludes
(B.S.T. Act, 1959).
- (5)

* * * * *