

(L)

Sy BMS
OP3AEJ

Direct Tax
March 2016

Time : 2 1/2 Hrs.

Marks: 75

Instructions:

1. All questions are compulsory
2. Figures to the right indicate full marks
3. Use of simple calculator is allowed.
4. All workings should form part of the answers.

Q1 Answer ANY TWO of the following. (15)

- A) Explain the term "Income" and "Assessee" under the Income Tax Act 1961.
- B) Suresh left India for the first time on 12th October 2014 & came back on 23rd January 2015. He again left India on 12th February 2015 and returned on 25th April 2015. What is his residential status for the previous year ending on 31st March 2015?
- C) Rahul Indian citizen, furnishes you the following information for the yr 2014-15. Calculate the total income of Rahul if he is ROR/ RNOR/ NR.

1. Income from property in London	144000
2. Interest on bank accounts in London	12000
3. Income from agriculture in Bangladesh	82000
4. Income earned from sale of assets Mumbai (Rs 8000 received in India)	45000
5. Profit from sale of building in Pune. (1/2 received in London)	80000
6. Pension from Indian employer in India received in London	100000
7. Interest on bank accounts in India	15000

Q2 Answer ANY TWO of the following. (15)

- A) Venkatesh retired from service on 31st October 2014 after completing 21 years and seven months of service. Before retirement he was receiving a monthly salary of Rs. 26000. He will receive a monthly pension of Rs.10000 from 1st November 2014. He received Rs. 385000 as commuted pension (commuted at 70%). He also received Rs 685000 as gratuity at the time of retirement. During the year he also received a bonus of Rs. 25000 and holiday home facility of Rs.45000 at Dehradun. Compute his taxable income from salaries for the year 2014-15.

OP3AEJ

- B) Deepak is the owner of 2 house properties, one in Mumbai and other in Nasik. The details of both the houses for the year 2014-15 are as follows. Compute his income from house property for the year 2014-15

PARTICULARS	Delhi (LOP)	Chennai(SOP)
Municipal Valuation	124000	1,00,000
Fair Rent	125000	1,02500
Rent Receivable p.m.	16000	Nil
Vacancy Period	1 month	Nil
Unrealised Rent	1 month	Nil
Municipal Taxes Paid	13500	10000
Insurance Paid	10500	12500
Interest on housing loan Paid	22000	25000
Unrealised rent of 2013-14 received in current year	8500	Nil

- C) Write a note on Taxable and Non Taxable Perquisites.

Q3 Answer ANY TWO of the following.

(15)

- A) Which are the expenses wrongly debited to profit and loss a/c. as per Income Tax rules?
- B) Raj is a trader. He provides you the following information for the year 2014-15. You are required to compute his total income from the same for the said year.

Particulars	Rs.	Particulars	Rs.
To Salaries	80000	By gross profit b/d.	507000
To rent	65000	By dividend on shares of Indian companies.	2500
To insurance	19000	By dividend on shares of foreign companies	3000
To bad debts	1000	By winnings from lotteries	11000
To RDD	2000		
TO depreciation	46000		
To advertising	17000		
To printing & st.	16500		
To life insurance	13500		
To Income tax	32000		
To travelling	10000		
To telephone	21500		
To Net profit c/d.	200000		
	523500		523500

Additional information:

- Salaries include an amount of Rs5000 paid by Raj to his wife (amount considered to be unreasonable).

OP3AEJ

2. Depreciation as per Income tax rules is Rs. 44000.
3. Travelling expenses include personal travelling expenses of Raj Rs. 4200.
4. Rent of Rs. 4000 included in the above was paid for residence of Raj.
5. Advertising expense of Rs. 3500 was paid to a political party.
6. Electricity charges of Rs 2500 and repairs expenses of Rs. 1500 were unrecorded.
7. Printing expenses of Rs 2500 were of a personal nature.

C) From the following Receipts and payments a/c. of Dr. Doshi determine his income from profession for the year 2014-15.

Receipts	Rs.	Payments	Rs.
To balance b/d.	4500	By Salaries	45000
To consulting fees	245000	By bonus to staff	10400
To visit fees	12500	By printing and stationery	12400
To gifts from patients	10000	By rent of clinic	18000
To winnings from horse races	8000	BY electricity expenses	19250
To amount received under Keyman Insurance policy	40000	By car expenses	29300
		By drawings	60000
		By donations	15000
		By purchase of equipments	10000
		By miscellaneous expenses	10200
		By balance c/d.	30450
	320000		320000

1. Miscellaneous expenses are incurred for personal purpose
3. Half of the car expenses are for personal use
4. Depreciation allowable as per Income Tax Rules is Rs. 5000

Q4 Answer ANY TWO of the following.

(15)

A) Anil sells his house property during the previous year 2014-15.

1. Sale consideration on 12.08.2014 Rs.6500000.
2. Purchase price in the year 2006-07 Rs.1900000.
3. Stamp duty Rs. 82000 and registration charges Rs. 110000 paid.
4. Renovation of house during the year 2008-09 Rs.125000.
5. Renovation during the year 2010-11 Rs. 108000.
6. Brokerage paid at the time of sale and purchase was is 2%

Compute the capital gain for assessment year 2015-16.

[CII of 2014-15- 1024, 2006-07-519, 2008-09 -582 and for 2010-11 is 711]

B) Chetan provides you the details of incomes earned by him during the p.y. 2014-15.

Compute his income from other sources for the same.

1. Dividend on shares of foreign companies Rs. 12000

OP3AET

1. Dividend on shares of Indian companies	Rs. 8500
2. Winnings from lotteries (net)	Rs. 5500
3. Tax deducted at source from winnings from lotteries	Rs. 2500
4. Royalty received on books written by him	Rs. 22000
5. Dividend on units of UTI	Rs. 5000
6. Rent from let out house.	Rs. 75000
7. Salary received from Bank	Rs. 245000
8. Director's sitting fees received from bank	Rs. 18000
9. Rent received from vehicles let out	Rs. 10500
10. Interest on PPF a/c.	Rs. 12000

C) Explain Deductions under section 80© and section 80(CCC)

Q5 Answer the following. (15)

Uday provides you the following details of his income during the previous year 2014-15. You are required to compute his total income from the same for the said year.

1. Salary received from L&T Ltd. Rs. 345500.
2. Bonus received during the year Rs.80000.
3. Perquisite value of Holiday home facility at Kashmir Rs. 56000.
4. Employer's contribution to RPF in excess of prescribed limit Rs. 4540.
5. Entertainment allowance received @ Rs. 2500 p.m.
6. House rent allowance received during the year Rs.46000. (exempt Rs.39000).
7. Profession tax deducted from salary Rs.3000.
8. Rent received from equipments let out Rs. 42000.
9. Rent received from vehicles let out Rs. 10000.
10. Dividend on shares of Indian companies Rs.12200.
11. Interest on saving bank A/c. Rs.6450.
12. Winnings from lotteries Rs. 1200.
13. Interest on fixed deposit with BOI Rs. 4200.
14. During the year he deposited Rs. 25000 in PPF A/c.
15. He paid Life insurance premium of Rs. 15000.
16. He also paid a mediclaim premium for himself and his wife Rs.14000 by cheque.