

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 A) State whether the following are true or false (any eight) (8)

1. The definition of Person includes only individuals.
2. Gold jewellery held by an assessee for two years is a long term capital asset.
3. Commuted pension received by a government employee is fully exempt.
4. Total income of a person is determined on the basis of residential status..
5. Furniture is a capital asset.
6. Employer's contribution to recognized provident fund in excess of 13% of salary is taxable.
7. Mediclaim insurance premium paid is deductible u/s.80(E).
8. Dividend on shares of Indian companies is taxable.
9. Subsidised lunch received by employees in office hours is a taxable perquisite
10. Winning from horse races is income from profession.

B) Match the following (any seven) (7)

A	B (sections)
1. Profession tax	a) 16(ii)
2. Interest on housing loan.	b) 10(10)
3. Interest on educational loan	c) 16(iii)
4. Exemption of HRA	d) 80 (c)
5. Income	e) 10 (10A)
6. Person	f) 10(13A)
7. Principal repayment of housing loan	g) 2(24)
8. Exemption of pension	h section 24
9. Exemption of gratuity	i) 2(31)
10. Entertainment allowance deduction	j) 80(E)

Q2. A) Anand retired from service on 31st October 2015 after completing 22 years and 6 months of service. Before retirement he was receiving a monthly salary of Rs. 32600. He is entitled to a monthly pension of Rs. 21000 from 1st November 2015. However he has opted for commutation of 75% of the same. He received Rs. 920000 as commuted pension. He also received Rs 698000 as gratuity at the time of retirement. Apart from the same he also received the following incomes during the year:

Dividend on shares of Indian companies	Rs. 5000
Dividend on shares of foreign companies	Rs. 7500
Interest on savings bank a/c.	Rs. 8500

He also paid Rs. 25000 for PPF and Life insurance premium to LIC Rs. 15000. Medical insurance premium paid by cheque was Rs. 22500. Determine his net taxable income for the year 2015-16. (15)

PQ 10 HCC

Profit & Loss A/c. for the year 2015-16.

Particulars	Rs.	Particulars	Rs.
To Salaries	145000	By gross profit b/d.	900100
To rent	146000	By dividend on shares of Indian companies.	21000
To insurance	85000	By dividend on shares of foreign companies	23000
To bad debts	81000	By winnings from lotteries	11000
To RDD	6000		
TO depreciation	40000		
To advertising	24000		
To printing & stationery	17000		
To life insurance	29500		
To Income tax	20000		
To travelling expenses	31200		
To telephone expenses	15400		
To Net profit c/d.	315000		
	955100		955100

Additional information:

1. Depreciation as per Income tax rules is Rs. 45000.
2. Travelling expenses include personal travelling expenses of Sagar Rs. 4500.
3. Advertising expenses of Rs. 2500 are paid to a political party.
4. Rent of Rs. 4800 included in the above was paid for residence of Sagar.
5. During the year Sagar paid a mediclaim premium for himself Rs. 17800.
6. He also deposited Rs18000 in Public Provident Fund A/c.

(15)

Q3. A) Chetan is the employee of Hollywood Ltd. He opted for voluntary retirement on 31st January 2016. He provides you the following information for the year ended 31st March 2016

Basic Salary per month	Rs. 45000
Dearness Allowance per month	Rs. 8000
Bonus received	Rs. 40000.
Perquisite value of car	Rs. 45000
H.R.A. received per month (exempt Rs 5000 p.m.)	Rs. 7500
Employer's contribution to RPF @ 13.5% of salary	Rs. 30000
Profession tax deducted from salary	Rs. 2500
Perquisite value of gas, water & electricity supply	Rs. 16000
Gratuity received. (exempt Rs. 300000)	Rs. 450000
Uncommuted pension p.m. from 1 st february 2016	Rs. 9000
Calculate the net taxable income from salary of Chetan for the A.Y. 2016-17.	(10)

B) Amod provides you the details of incomes earned by him during the p.y. 2015-16
Compute his income from other sources for the same. (5)

1. Dividend on shares of foreign companies	Rs. 8290
2. Dividend on shares of Indian companies	Rs. 4600
3. Winnings from lotteries	Rs. 10500
4. Royalty received on books written by him	Rs. 62000
5. Income from subletting	Rs. 6400
6. Rent fom vehicles let out.	Rs. 37500
7. "The Best Employee of The Year" award received from his employer	Rs. 15000
8. Interest on savings bank account	Rs. 22800

OR

PQ10 ACC

The net profit as per P/L/ A.c. is Rs.165000

1. The P/L/ a/c. is debited with a rent of Rs. 17000 which includes rent of Rs. 5000 for his own residence.
2. Advertising expenses of Rs. 6850 were paid to a political party.
3. The insurance of Rs. 35000 includes Rs. 15000 which was paid for life insurance of Virendra himself.
4. Travelling expenses of Rs. 14000 were spent by Virendra for travelling to his native place for personal purposes.
5. Depreciation debited in P/L a/c. was Rs. 29000 whereas depreciation as per income tax rules allowable is Rs. 26200.
6. Dividend of Rs. 5850 from Balaji Ltd. And dividend of Rs. 6600 from foreign companies was also credited to the P/L a/c.
7. Salary included a sum of Rs. 6800 which was paid personal entertainment expenses
8. Electricity charges of Rs. 5800 were left unrecorded in the books. (10)

D) Piyush leaves India for the first time on 17th July 2015 & came back on 31st August 2015. He again left India on 22nd January 2016 and returned on 19th March 2016. What is his residential status for the previous year ending on 31st March 2016? (5)

- Q4. A) Sanjay is the owner of 2 house properties, one in Thane and other in Nasik. The details of both the houses for the year 2015-16 are as follows. Compute his income from house property for the p.y.year 2015-16 (10)

PARTICULARS	THANE (LOP)	NASIK (SOP)
Municipal Valuation	266000	160,000
Fair Rent	245000	200,000
Rent Receivable p.m.	30000	Nil
Vacancy Period	2 months	Nil
Unrealised Rent	1 months	Nil
Municipal Taxes Paid	28500	19000
Insurance Paid	30000	25000
Interest on housing loan Paid	86000	45000
Unrealised rent of 2014-15 received in current year	25000	Nil

B) Vijay sells his house property during the previous year 2015-16.

1. Sale consideration on 26.06.2015 Rs.7448000.
2. Cost of acquisition in the year 2006-07 Rs. 2500000.
3. Renovation of house during the year 2008-09 Rs. 486000.
4. Brokerage paid at the time of sale is 2% of sale price.

Compute the capital gain for assessment year 2016-17.

[CII of 2015-16 is 1081 and 2006-07 is 519 and for 2008-09 is 582] (5)

OR

- Q4. C) Amit an Indian citizen, furnishes you the following information for the yr 2015-16. Calculate the total income of Amit if he is ROR/ RNOR/ NR. (10)

1. Interest on UK Development Bonds. 46000
(1/2 received in India)
2. Income from agriculture in Sri lanka 49000

8. Profit from sale of building in Thane but received in Sri Lanka..	79000
9. Pension from Indian employer in India received in China.	34800
10. Interest on bank accounts in India.	18000

D) Abhijeet who is physically disabled individual (75% disability) provides you the details for the financial year 2015-16. Determine the amount of deduction he can claim under section 80. (5)

1. Contribution to PPF A/c.	Rs. 45000
2. LIC premium paid	Rs. 25200
3. Interest on savings bank ac received	Rs. 8500
4. Interest on fixed deposit a/c received.	Rs. 10000
5. Medical insurance premium paid for himself, wife and parents who are senior citizens	Rs 27750

Q5. A) Explain the conditions for residential status as per the provisions of Income Tax Act, 1961 (8)

B) Explain the provisions of Insurance auxiliary service relating to Life insurance business as per The Service Tax Act. (7)

OR

Q5. Write short notes on (Any three) (15)

1. Person
2. Stock broker's service
3. Banking and other financial services.
4. Gross annual value.
5. Capital Asset & capital gains