

**M.COM (PART-II)**  
**: - Accountancy Group :-**  
**DIRECT & INDIRECT TAXES**  
**(PAPER-V) (JUNE - 2018)**

Q. P. Code: 51199

[Time: 3 hours]

[Total Marks: 100]

1. Question No.1 and Question No.2 from Section-I are compulsory.
2. Answer any one question from Question No.3 and Question No.4 from Section – I.
3. Answer all questions from Section-II.
4. Figures to the right indicates full marks.
5. Working notes from part of answer.
6. Use of simple calculator is permitted.

**SECTION 1**

Q1 Mr. Abhishek provides you with the following Profit and Loss Account for his proprietary business for the year ended 31<sup>st</sup> March, 2017 [20]

Particulars	Rs	Particulars	Rs
To Opening Stock	1,00,000	By Sales	10,00,000
To Purchases	4,00,000	By Closing Stock	5,00,000
To Office Salaries	2,50,000	By Income Tax refund	25,000
To Reserve for Doubtful Debts	1,00,000	By Dividend from UTI (Gross)	1,00,000
To Bad Debts	23,000	By Dividend from Reliance India Ltd. (Gross)	50,000
To Advertisement Expenses	1,20,000	By Interest on Saving Bank a/c	25,000
To Electricity expenses	25,000	By Rent received from LOP	3,00,000
To Wealth Tax	1,50,000	By Interest received on company deposit	25,000
To Travelling Expenses	15,000		
To Municipal tax for LOP	10,000		
To Interest on loan for Higher Education of son	85,000		
To Depreciation	1,88,000		
To Sundry Expenses	12,000		
To Telephone Charges	50,000		
To Interest on Loan for investment in company deposits	6,000		
To Net Profit	4,91,000		
<b>Total</b>	<b>20,25,000</b>	<b>Total</b>	<b>20,25,000</b>

**Additional Information :**

- (a) 50% of telephone expenses are personal in nature.
- (b) Depreciation allowable as per Income Tax Rules is Rs 65,000
- (c) Office salary include bonus to employees Rs 1,00,000 which was not paid before the date of filing income tax return.
- (d) He has paid medical premium of Rs 30,000 for himself , spouse and son.
- (e) He has contributed Rs 50,000 to PPF.

Calculate his net taxable income for the Assessment Year 2017-18

Q2A Answer the following in one sentence.

[7]

- 1 What are the additional condition of residential status?
- 2 What is long term capital gain?
- 3 What is gratuity?
- 4 What is Gross Annual Value for House Property?
- 5 What is maximum amount of deduction U/S 80 TTA?
- 6 What is amount of entertainment allowance deduction for government employee?
- 7 What is maximum amount of deduction U/S 80 C?

B Match the column

[8]

Group A	Group B
1. Deduction u/s 80 E	a. Maintenance of Handicapped Dependent
2. Professional tax	b. Not allowed as business expenses
3. Resident Indian	c. perquisite
4. GAV for SOP	d. Deducted from salary
5. Rent free accommodation	e. Exempted from tax
6. Wealth tax	f. Always NIL
7. Deduction u/s 80DD	g. 182 days in India
8. Dividend from Indian company	h. Interest on loan for higher education

Q3 Mr Dinesh (senior citizen) , a severely handicapped person took voluntary retirement on 1<sup>st</sup> January 2017 after completing 20 years of service in a private company. He furnish the following details of his salary for the year ended 31<sup>st</sup> March 2017 [15]

1. Basic salary Rs 25,000 p.m.
2. Dearness Allowance @50% of Basic salary
3. House rent received Rs 1,000 p.m. (Rs 4000 exempt)
4. Voluntary retirement compensation received Rs 8,00,000 (exempt Rs 5,00,000)
5. Gratuity received (Fully exempt) Rs 2,00,000
6. Commuted pension (1/3 exempt) Rs 90,000
7. Uncommuted pension Rs 5,000 p.m.
8. Professional tax paid Rs 2,500

Additional Income

1. Dividend from Indian company Rs 10,000
2. Agriculture Income Rs 50,000
3. Dividend from foreign company Rs 5,000
4. Interest on company deposit Rs 10,000
5. Interest on saving bank account deposit Rs 15,000

Mr. Dinesh has paid medical insurance premium of Rs 30,000 and he has taken loan for higher education of his son on which he paid interest of Rs 50,000.

Calculate his taxable income for the Assessment Year 2017-18

**OR**

Q4 Write short notes (**Any three**).

[15]

- 1 Short term capital gain
- 2 Commuted and Uncommuted pension
- 3 Capital Assets as per Section 2(14)
- 4 Profit in lieu of salary
- 5 Interest deduction u/s 24 (2) from house property.

SECTION II

Q5 Determine the Point of Taxation in each of the following independent cases in accordance with Point [10] of Taxation Rule 2011.

Sr. no.	Date of completion	Invoice Date	Payment date
1	10/04/2017	05/05/2017	20/5/2017
2	10/04/2017	05/05/2017	25/4/2017
3	10/04/2017	05/05/2017	15/5/2017
4	10/04/2017	05/05/2017	6/4/2017
5	10/04/2017	05/05/2017	9/4/2017
6	10/04/2017	05/05/2017	16/4/2017
7	10/04/2017	05/05/2017	1/5/2017
8	10/04/2017	16/05/2017	20/5/2017
9	10/04/2017	16/05/2017	5/4/2017
10	10/04/2017	16/05/2017	14/5/2017

Q6 State whether given statements are True or False (as per service tax). [10]

- 1 Service tax came into force w.e.f 1<sup>st</sup> April 2011
- 2 E payment of service tax is not compulsory for an assessee
- 3 Entry and exit load amount charged by mutual fund to the investor is not taxable
- 4 Service tax is levied by each state.
- 5 Service tax is imposed as direct tax
- 6 Deemed sales are not treated as service
- 7 Debt collection service is not excluded from the definition of service.
- 8 Service tax return is to be filed in form No ST-3 by all registered assessee.
- 9 If there is delay of 15 days in filing service tax return , the penalty is Rs 500
- 10 Every person who provide taxable service exceeding Rs 9, 00,000 in the preceding financial year, is required to register with service tax office.

Q7 Compute the value of taxable services and service tax payable on the services provided by MRS [10] advertiser for the Quarter ended on 30/06/2017.

Particulars	Amount
1. Sale of space for advertisement in newspaper.	55,000
2. Services related to preparation of advertisement.	65,000
3. Sale of space for advertisement on Internet website.	50,000
4. Sale of time for advertisement to be broadcast on TV channel.	1,00,000
5. Advertisement in Business Directories.	25,000
6. Advertising on film screen in theatres.	90,000
7. Advertisement by means of banner at public place	75,000
8. Advertisement on cover and back pages of 'Books'	1,20,000

Q8 Mr. Ravindra commence his business as a Manufacturer on 1<sup>st</sup> April 2017. Find out from which date [10] he will be liable for registration under MVAT Tax Act.

Date	Purchases			Sales	
	Out of state Taxable Goods (Rs.)	Within state Taxable Goods (Rs.)	Within state Tax free Goods (Rs.)	Taxable (Rs.)	Tax free (Rs.)
05/04/2017	2000	3,000	10,000	12,000	5,000
20/04/2017	6000	6,000	12,000	10,000	25,000
05/05/2017	2000	----	10,000	15,000	10,000
23/05/2017	10000	4,000	15,000	18,000	---

06/06/2017	3000	3,000	18,000	20,000	12,000
10/06/2017	4000	15,000	12,000	15,000	30,000
15/06/2017	5000	3,000	20,000	10,000	15,000

- Q9 State whether given statements are True or False (as per MVAT). [10]
- 1 Business defines under MVAT excludes the activity of rearing of seeding.
  - 2 All services are subject to MVAT
  - 3 An auctioneer is not dealer under MVAT
  - 4 Schedule A goods will be taxed @ 5% under MVAT
  - 5 VAT is charged in addition to sales tax.
  - 6 Sales return after 6 month will not be consider for calculation of sales turnover as per MVAT 2002
  - 7 Sale of capital assets is treated as a part of business transaction for the purpose of VAT.
  - 8 Advertising agency is dealer under MVAT 2002
  - 9 Transfer of goods from head office to Branch is not sale as per MVAT 2002
  - 10 Chartered accountant is not dealer MVAT 2002

\*\*\*\*\*