

- N.B.:** (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 indicate full marks.
(5) Working notes form part of answer.
(6) Use of simple calculator is permitted.

SECTION - I

1. Mr. Zebra, a resident aged 52 years, is running an homoeopathy clinic. His Income and Expenditure Account and other relevant information for the year ending 31st March, 2014 are given below. **20**

Expenditure	₹	Income	₹
Staff Salary	2,40,000	Fees	10,00,000
Clinic Rent	1,20,000	Dividend from Indian	
Medicines	1,05,000	Companies (Gross)	10,500
Depreciation	81,000	Winning from lotteries	
Donation	20,000	[net of TDS]	
Administrative Expenses	1,52,000	[TDS ₹ 3,000]	7,000
Net profit	3,01,250	Income Tax Refund	1,750
	10,19,250		10,19,250

Other information :

- (1) Depreciation in respect of all assets has been ascertained at ₹ 90,000 as per income tax rules.
- (2) Medicines of ₹ 22,000 have been used for his family.
- (3) Fees include ₹ 24,000 being honorarium for valuing homoeopathy examination answer books and balance from clients.
- (4) He has paid ₹ 25,000 as Life Insurance Premium for self.
- (5) Mr. Zebra has received interest on debentures of ₹ 31,000 (gross) on 1st January 2014. It is not included in the above account.
- (6) Income tax refund includes interest of ₹ 200 paid by Income Tax Department.
- (7) Administration expenses include ₹ 2,000 mediclaim insurance on life of grandfather.

From the above compute the total income and tax there on of Mr. Zebra for the Assessment Year 2014-15.

2. (A) Select most appropriate answer :

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1. Income earned from a manufacturing business in Delhi, which is controlled from Nepal is chargeable to tax in case of
 - (a) Resident and ordinary resident
 - (b) Resident but not ordinarily resident
 - (c) Non - resident,
 - (d) All of the above.
2. Y, an employee of B Ltd. (not being covered by payment of Gratuity Act, 1972) retires after rendering service for 15 years 11 months and 29 days. The completed years of service for calculating exemption of gratuity shall be
 - (a) 15 years
 - (b) 16 years
 - (c) None of the above
3. Interest on borrowed capital for the purpose of acquiring a capital asset pertaining to the period after the assets is first put to use iswhile computing income from business.
 - (a) Allowable
 - (b) Dis allowable
 - (c) Non of the above.
4. Interest on borrowed capital is deductible under the head "Income from House Property"
 - (a) On payment basis
 - (b) On accrual basis or payment basis which ever is earlier.
 - (c) On accrual basis
5. Reimbursement of medical expenses incurred by the employee on his medical treatment
 - (a) is fully taxable.
 - (b) is exempt from tax up to ₹ 15,000 (balance is taxable).
 - (c) is tax free, in case of Government Employees.
 - (d) None of the above.

2. (B) State whether the following statements are True or False.

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- (1) Gross Annual Value of one self-occupied house property can not exceeds ₹ 1,50,000.
- (2) Assessment year is a period of 12 months commencing on April 1st every year.
- (3) Uncommuted pension from the Government is not chargeable to tax in the hands of employee.
- (4) Tution fees paid for full time education of children outside India is deductible under section 80 C.
- (5) Computer used for business purpose is qualified for depreciation for business income.
- (6) Conversion of a capital asset into stock in trade is treated as 'transfer'.
- (7) Share of profit received by a partner from his partnership firm is not chargeable to tax.
- (8) Arrears of bonus received from former employer is taxable as income from other sources.
- (9) Jewellery is a capital asset.
- (10) Section 80 DD provides deduction to an assessee who is non resident in India.

3. X and Y are equal owners of a house property. The property has four units of which X and Y each owns two units. Each of them has let out one of two units on monthly rent of ₹ 30,000 (each unit remains vacant for one month) and the other unit is self occupied for own residence. Other expenses in respect of the property shared equally by the co-owners are: Repairs ₹ 5,000; Municipal tax ₹ 60,000; Interest on capital (borrowed on 6th May 1998) ₹ 1,35,000. Compute taxable income from house property of X and Y. 15
4. Write short notes (any three) : 15
- (a) Taxability of pension under salary.
(b) Pre-construction period interest.
(c) Deduction u/s 80 U
(d) Capital Assets.

SECTION - II

5. From the following details calculate the service tax payable by M/s CD Agencies registered service provider as advertising agency services under service tax. 10
- (i) Fees for designing and visualising of advertisement ₹ 2,40,000 (excluding service tax).
- (ii) Fees for procuring orders for advertisements for the Magazine ₹ 4,00,000 (excluding service tax).
- (iii) Fees for services rendered to the different departments of United Nations Organisation in relation to advertisement ₹ 7,00,000 (excluding service tax).
- (iv) Fees from Mr. Z for preparing banners ₹ 6,40,000 including cost of banners ₹ 2,00,000 (excluding service tax).

Following expenses were incurred for providing the taxable services.

- (1) Telephone charges ₹ 20,000 (excluding service tax).
(2) Mobile charges ₹ 30,000 (excluding service tax).
Service tax rate is 12.36%.

6. (A) Select the correct answer (As per service tax). 5
- (i) Revised return should be filled within days of original return
(a) 30 (b) 40 (c) 90 (d) 120.
- (2) Credit of service tax on input services can be availed
(a) On use of input service
(b) On payment of service tax by the service provided of input service
(c) On receipt of Invoice
(d) None of the above
- (3) Due date of payment of service tax for the month / quarter ending 31st March 2015.
(a) 5th April (b) 31st March (c) 5th June (d) None of the above
- (4) Maximum penalty for non-filing of service tax return within due dates is ₹
(a) 1,000, (b) 20,000, (c) 15,000
- (5) Return of service tax has to be filed
(a) Monthly (b) Half yearly (c) Quarterly (d) Yearly.
- (B) State whether the following statements are **True** or **False** (Apply service tax). 5
- (i) Service tax is an Indirect Tax levied by Maharashtra Government.
(ii) Service provided free of cost is exempt from service tax.
(iii) An assessee has to submit a revised return in duplicate.
(iv) CENVAT credit cannot be taken on that portion of input services which are used for export of services.
(v) Service tax is applicable to whole of India except Jammu and Kashmir.
7. (A) Mr. XYZ is a registered service provider. He gives the details to calculate his penalty on delay of payment of service tax. Ignore the exemption of small service provider. 5

Quarter 2014-15	Service Tax 12.36% (₹)	Date of Payment of service tax
First	25,250	16 th July 2014
Second	66,660	12 th October 2014
Third	80,240	15 th January 2015
Forth	40,450	3 rd April 2015

- (B) Mr. BC is an architect, registered service provider, gives the following details to calculate his service tax liability for the quarter ended 31st March, 2015. 5

	₹ excluding service tax
1. Map drawing fees from M/s AA Builders in Mumbai.	4,00,000
2. Map drawing fees from M/s KK Builders of UK for building in Mumbai.	5,00,000
3. Elevation fees from Mr. ZY at Thane for site at Thane.	8,00,000

8. YY & Co., a registered dealer, request you to compute the liability of sales tax under MVAT Act 2002, from the following information. 10

Month	Sales within State		Purchases within State	
	Schedule B	Schedule C	Schedule B	Schedule C
	₹	₹	₹	₹
January, 2015	28,00,000	50,00,000	20,00,000	4,00,000
February, 2015	16,00,000	9,00,000	5,00,000	5,00,000
March, 2015	4,00,000	24,00,000	3,00,000	13,50,000

Rate of VAT :

B → 1% C → 5%

9. (A) State whether the following can be considered as Goods under the MVAT Act 2002. 5
- Chickens
 - Loom Hours
 - Equity shares
 - Remote control
 - Pain Balm.
- (B) State whether the following can be considered as Sales under the MVAT Act 2002. 5
- Exchange of old currency notes against new notes.
 - Branch Transfer
 - Donation to a trust
 - Pledge of machinery
 - Sale of scrap