

**Solution Set**

Q.1A] False, False, False, False, False, False, True, False, False, False (08 marks)

Q.1B] Sec 80U, Previous year, Personal gift, Sec 80E, Rs.25000, Cheque, 10(2), Assessee, 10(34), Indian Citizen (07 marks)

**Q.2] Income from salary**

Basic Salary		1,20,000
Dearness Allowance		27,000
Taxable Conveyance Allowance		4,500
Medical Expenses	20,000	
- re - imbursement		
Entertainment Allowance	<u>15,000</u>	5,000
Arrears of salary		20,000
Perquisite value of gas, water and electricity supply		35,000
Leave Travel Allowance		10,000
- Exempt	15,000	
Gross Salary	<u>3,000</u>	<u>12,000</u>
- Deductions u/s 16		2,33,500
Profession Tax		
<b>Net Taxable Salary</b>		<u>1,000</u>
		<b>2,32,500</b>

(15 marks)

**OR**

**Q.2A]**

Particulars	ROR	RNOR	NR
Salary earned in Delhi	2,50,000	2,50,000	2,50,000
Income from profession in Canada	3,00,000	-	-
Income from house property in India	40,000	40,000	40,000
Income from business in India, controlled from France	6,00,000	6,00,000	6,00,000
Profit from business in Bhutan	60,000	-	-
Interest on securities accrued in India	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
<b>Total</b>	<b>12,55,000</b>	<b>8,95,000</b>	<b>8,95,000</b>

(08 marks)

Q.2B] Non-Resident.

**Q.3] Income from House Property**

(07 marks)

Particulars	House A LOP	House B DLOP	House C SOP
<b>1. Reasonable Lettable Value</b>			
a. Municipal Valuation			
b. Fair Rent	8,50,000	11,00,000	-
c. Higher of a and b	7,00,000	10,50,000	-
d. Standard Rent	<b>8,50,000</b>	<b>11,00,000</b>	-
e. Lower of c and d	6,50,000	10,75,000	-
<b>2. Actual Rent</b>	<b>6,50,000</b>	<b>10,75,000</b>	-
Annual Rent	8,00,000	11,50,000	-

(15 marks)

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- Vacancy Rent	66,667	1,91,667	-
GAV (Higher of 1 and 2)	7,33,333	9,58,333	-
- Municipal Taxes paid	7,33,333	10,75,000	-
NAV	19,000	30,000	-
- Deductions u/s 24	7,14,333	10,45,000	-
Standard Deduction			
Interest on loan taken	2,14,300	3,13,500	-
	<u>2,15,000</u>	<u>2,20,000</u>	<u>2,17,000</u>
<b>Income from House Property</b>	<b>4,29,300</b>	<b>5,33,500</b>	<b>(2,17,000)</b>
<b>Total Income from House Property</b>	<b>2,85,033</b>	<b>5,11,500</b>	<b>(2,17,000)</b>
			<b>5,79,533</b>

OR

Q.3A] Income from other source

(08 marks)

Royalty from books	65,000	
- Expenses of typing	<u>5,000</u>	60,000
Examination fees from University of Mumbai		4,000
Honorarium received from management institute as a lecturer	7,500	
- Conveyance for visiting the institute	<u>500</u>	7,000
Interest on Bank Deposits		6,000
Interest on Income Tax Refund		<u>1,000</u>
<b>Income from other source</b>		<b>78,000</b>

Q.3B] Income from Capital Gain

(07 marks)

Full Value of Consideration		75,00,000
- Indexed Cost of Acquisition	8,13,675	
- Indexed Cost of Improvement	7,94,161	
- Brokerage	50,000	
<b>Long term Capital Gain</b>		<b>16,57,836</b>
		<b>58,42,164</b>

Q.4] Computation of Total Income

(15 marks)

<b>Income from Business</b>		<b>4,36,000</b>
Net Profit as per P/L A/c		
<b>Add: Expenses Disallowed</b>		
Salary to Self		
Donation	60,000	
Gifts to staff	30,000	
RDD	20,000	
Income Tax	20,000	
Gift to Son	15,000	
Depreciation as per book	50,000	
	<u>70,000</u>	<b>2,65,000</b>
<b>Less: Income Disallowed</b>		<b>7,01,000</b>
Winnings from horse racing		
Rent from sub - letting	1,00,000	
	20,000	

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Interest on Bank Deposits		40,000	
Board meeting fees		<u>38,000</u>	1,98,000
- Depreciation allowable under Income Tax Rules			5,03,000
<b>Income from Business</b>	A		50,000
<b>Income from other source</b>			4,53,000
Winnings from horse racing		1,00,000	
Rent from sub - letting		20,000	
Interest on Bank Deposits		40,000	
Board meeting fees		<u>38,000</u>	
<b>Income from other source</b>	B		1,98,000
<b>Gross Total Income</b>	(A+B)		6,51,000
- Deductions under chapter VI A			
80 DD		1,25,000	
80 E		<u>25,000</u>	
<b>Net Taxable Income</b>			1,50,000
			5,01,000

OR

Q.4] Computation of Total Income

(15 marks)

<b>Income from Business</b>			
Net Profit as per P/L A/c			1,75,000
<b>Add: Expenses Disallowed</b>			
Interest on proprietors capital			
Personal Expenses		4,000	
Donation		7,000	
Advertisement published by a political party.		5,000	
RDD		10,000	
Depreciation as per book		5,000	
Sales Tax		10,000	
Advance Income Tax		4,000	
Income Tax		3,000	
		<u>1,000</u>	49,000
<b>Less: Income Disallowed</b>			2,24,000
Examination fees			
Royalty from books			
Honorarium		10,000	
		8,000	
- Depreciation allowable under Income Tax Rules		<u>50,000</u>	68,000
<b>Income from Business</b>	A		1,56,000
<b>Income from other source</b>			25,000
Examination fees			1,31,000
Royalty from books			
Honorarium		10,000	
<b>Income from other source</b>	B		8,000
<b>Gross Total Income</b>	(A+B)		50,000
			68,000
			1,99,000

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- Deductions under chapter VI A		
80 U	75,000	
80 TTA	<u>5,000</u>	80,000
Net Taxable Income		1,19,000