

SYBAF Tax Solution Paper

Q.1.(A) True or False: (Any 8)

(8 marks)

1. True
2. True
3. True
4. True
5. True
6. True
7. True
8. True
9. True
10. True

Q.1.(B) Multiple Choice: (Any 7)

(7 marks)

1. c) Clubbing of Income
2. d) Rs.1,500 per minor child
3. b) speculative Income
4. c) 8
5. c)Rs.1,80,000
6. d) 30th September
7. c) 15
8. c) Tax audit
9. d) 10%
10. b) Double Taxation

Solution Q.2. (A)

Name of the Assessee : Dr. Kamble

Assessment Year : 2018-19

Previous Year : F.Y. 2017-18

Legal Status : Individual

Resident Status : R & O.R.

Computation of Total Income

(4 marks)

Particulars	Rs.	Rs.
Income from House Property W. N.1		57,600
Income from Business / Profession W.N.2		<u>2,17,100</u>
Gross Total Income		2,74,700
Less: Deduction u/s 80 CH VI-A 80C NSC, LIC & Hsg. Loan (30,000 + 60,000 + 20,000 = Rs.1,10,000 = Max. Rs.1,50,000) 80D Medical Insurance Premium	1,10,000 <u>8,000</u>	1,18,000
Net Taxable Income		<u>1,56,700</u>

Since the Net Taxable income is below the basic exemption limit of Rs.2,50,000, there is no tax payable.

Working Note:

1. Income from House Property

(4marks)

Particulars	Rs.
GAV = Rent Received	1,20,000
Less: Municipal taxes paid	<u>12,000</u>
NAV	1,08,000
Less: Deduction u/s 24	
Standard Deduction (30% of NAV)	32,400
Interest on Housing Loan	<u>18,000</u>
	<u>57,600</u>

2. Income from Business / Profession (7 marks)

Particulars	Rs.	Rs.
Net Surplus as per I/E A/c		2,68,600
Add: Disallowances		
Income Tax	35,000	
Municipal Tax	12,000	
Interest on Housing Loan	18,000	
Depreciation	48,000	
Charity (Personal Exps)	<u>1,500</u>	<u>1,14,500</u>
		3,83,100
Less: Income Considered Separately		
Rent of House	1,20,000	
Gift from father	<u>1,000</u>	1,21,000
		2,62,100
Less: Depreciation as per I.T. Rules		45,000
Income from Business/ Profession		<u>2,17,100</u>

Q.2.(B) Computation of Total Income of Lawyers & Co. for A.Y. 2018-19

Particulars	Rs.	Rs.	marks
(A) Income from Business or Profession			1
Net Profit as per Profit and Loss Account		1,30,000	
Add: Expenses not Allowable			
Section 40(3) : Cash payments to a broker exceeding Rs.20,000	30,000		
Section 40(b) : Excess interest on Capital to partners 20% - 12% i.e. (20,000 x 8/20)	<u>8,000</u>	38,000	3
Add: Remuneration to partners debited to Profit and Loss Account		1,50,000	1
Less: Depreciation u/s 32		(20,000)	1
(Rs.40,000 – Rs.20,000 debited in profit and loss account)			
Book Profit		2,98,000	
Maximum Permissible Remuneration (lower of the two) (i.e. 90 percent of Rs.2,98,000)	2,68,200		
Actual	<u>1,50,000</u>	(1,50,000)	3
Business Income of the Firm		<u>1,48,000</u>	2
(B) Tax Liability (30% of 1,48,000)		44,400	1
Add: Education Cess @ 2% and SHEC @ 1%		1,332	1
(C) Total Tax Liability		45,732	2

Q.3.(A)

Particulars										Rs.	Marks
A. Interest Payable under Section 234A (3,90,000 x 5 x 1%)										19,500	1
B. Interest Payable under Section 234B (3,90,000 x 9 x 1%)										35,100	1
C. Calculation of Interest Payable under Section 234C											
Total Tax (1)	Due on (2)	Cum % (3)	Cum Due (4) (1 x3)	Instalment (5)	Paid (6)	Cum Paid (7)	Short/ (Excess) (8) (4 – 7)	% (9)	Mo nth s (10)	S.234C (11) (8 x9x10)	
4,90,000	15-6-17	15%	73,500	73,500		0	73,500	1%	3	2,205	1
4,90,000	15-9-17	45%	2,20,500	1,47,000	30,000	30,000	1,90,500	1%	3	5,715	1
4,90,000	15-12-17	75%	3,67,500	1,47,000	50,000	80,000	2,87,500	1%	3	8,625	1
4,90,000	15-3-18	100%	4,90,000	1,22,500	20,000	1,00,000	3,90,000	1%	1	3,900	1
				4,90,000	1,00,000					20,445	
D. Total Interest Payable u/s 234A, 234B and 234C										75,045	1

Q.3. (B) Computation of Total Income of Mr. A, Mrs. A and their Minor Son for the A.Y. 2018-19

Particulars	Mr. A (Rs.)		Mrs. A (Rs.)	Minor Son (Rs.)
Salary Income (of Mrs. A)		-	2,40,000	-
Pension Income (of Mr. A) (Rs.10,000 x 12)		1,20,000		
Income from House Property		52,000	-	-
Income from Other Sources				
Interest on Mr. A's Fixed Deposit with Bank of India (Rs.5,00,000 x 9%)	45,000			
Commission received by Mrs. A from a partnership firm, in which Mr. A has substantial interest	25,000	70,000		
Income before including Income of Minor Son under Section 64(1A)		2,42,000	2,40,000	-
Income of the minor son from the investment made in the business out of the amount gifted by Mr. A		18,500	-	-
Income of the minor son through a business activity involving application of his skill and talent		-	-	20,000
Total Income		2,60,500	2,40,000	20,000
Marks		6	1	1

Q.3. (C)

(2 marks each)

Question	T.D.S.	T.D.S.	On	T.D.S.	Remarks
1.	194A	10%	4,00,000	40,000	Since interest exceeds Rs.10,000
2.	194I	Nil	Nil	Nil	Since the payee is Government there is no requirement of deducting T.D.S. circular No. 699 dt.30.1.95
3.	194J	10%	4,00,000	40,000	Since the recipient is a professional and the amount exceeds Rs.30,000.
4.	194J	Nil	Nil	Nil	Since the amount paid does not exceed Rs.30,000.

Q.3. (D)

(7)

Particulars	Rs.	Rs.	Marks
Estimated total Tax Payable		12,570	
Less: T.D.S.		<u>1,000</u>	
Total Tax Payable		11,570	1
1 st Installment due @ 15% (11,750 x 15%) on 15-06-2017	1,735		1.5
2 nd Installment due @ 30% (11,750 x 30%) on 15-9-2017	3,471		1.5
3 rd Installment due @ 30% (11,750 x 30%) on 15-12-2017	3,471	-	1.5
4 th Installment due @ 25% (11,750 x 25%) on 15-3-2018	<u>2,893</u>	<u>11,570</u>	<u>1.5</u>

Q.4. (A) Name of the Assessee : Mr. Ganesh

Assessment Year : 2018-19

Previous Year : F.Y. 2017-18

Legal Status : Individual

Residential Status : Non- resident

Computation of Total Income

(1 mark each x 15)

Particulars	Rs.	Rs.
Income from House Property		32,000
Business Income	1,15,000	
Less : Business Loss	<u>1,21,000</u>	
Business Loss to be carried forward to next year	6,000	
Long Term Capital Gain	2,00,000	
Less: Long Term Capital Loss	3,45,000	
Long Term Capital Loss cannot be carried forward beyond the A.Y. 2023-24	-1,45,000	
Short Term Capital Gain		4,05,000
Income from owning & maintain race horses	2,15,000	
Less: Loss from owning & maintaining race horses	<u>2,75,000</u>	
Carried forward to A.Y. 2019-20	<u>-60,000</u>	
Income from Card Games		1,10,000
Total Income		5,47,000
Less: Unabsorbed Depreciation Allowance		1,05,000
Gross Total Income		<u>4,42,000</u>

Note : In the absence of speculation income, brought forward speculation loss of the A.Y. 2013-14 cannot be set off. As four year time limit expires with the A.Y. 2018-19, the loss cannot be carried forward to the next A.Y.

Q.4. (B) Computation of Relief u/s 91 of Roshan for Assessment Year 2018-19

Particulars	Rs.	Rs.	Marks
Income from Salary (Foreign Income) Country Y		1,00,000	1
Profits and Gains of Business or Profession			
Income from Profession in India	6,00,000		
Coaching receipts from Country X	<u>6,00,000</u>	12,00,000	2
Income from Other Sources			
FD interest from Banks		2,00,000	1
Gross Total Income		15,00,000	1
Tax on Total Income of Rs.15,00,000		2,62,500	1
Add: Education cess and SHEC @ 3%		7,875	1
Total Tax Payable		2,70,375	1
Average Rate of Income Tax ($\text{Rs. } 2,70,375 \div \text{Rs. } 15,00,000$)	18.025%		1
Average Rate of Tax of Country X ($\text{Rs. } 60,000 \div \text{Rs. } 6,00,000 \times 100$)	10%		1
Average Rate of Foreign Tax of Country Y	20%		1
Relief under Section 91 @ 10% on Foreign Income of Rs.6,00,000	60,000		
Less: Relief under Section 91 @ 18.88 on Foreign	18,025		
Income of Rs.1,00,000		(78,025)	3
Balance Tax Payable (rounded off)		<u>1,92,350</u>	<u>1</u>