

SYBIM
TAXATION-IV
SEMESTER IV-ATKT

Q1) Objective type questions:

A) State true or false: (any eight one marks each)

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

B) Match the columns (any seven one marks each)

Column A	Column B
Section 3	Person
Section 14	Heads of Income
Section 2(7)	Assessee
Section 2(31)	Previous year
Taxable gift to non-relatives	Exceeding Rs. 50,000
Notified amount of exempt gratuity	Rs. 10,00,000
Sort term capital assets	Indexation not applicable
GAV	RLV or AR(whichever is higher)
Notified limit of exempt for leave encashment	Rs. 3,00,000
Dividend from foreign company	Taxable as other sources

Q2)

A) Mr. Abraham-Assessee(8 marks)

Assessment year 2017-2018

Previous year -2016-2017

②

His stay in India during the year(2015-2016) was 93 days, From first july to first oct,2016.(
31+31+30+01) 93 days.His stay in India during the year (2016-2017) was from 25/01/2017 to
31/03/2017 for (07+28+31) days (66 days).(2 mks)

For the preceeding four previous year his stay in India (2010-2011 to 2013-2014)=
(334+365+365+365) days in year 2014-2015= (30+01)= 31 days..

Under section 6(1) Mr. Abraham stays in India for 66 days and 1429 days and 31 days including
the proceeding previous year. Hence he is a Resident in India. Under section 6(6) as the assessee
satisfies both the conditions of Resident in two out of ten years and stay in India in previous
years (7) is more than 730 days . (4 mks)

So we may conclude his residential status to be Resident and ordinarily resident.(2 mks)

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B) (7 marks)

Name of the Assessee-Mr. K

Assessment year 2017-2018.

Previous year-2016-2017.(½ mark each) also for totals separately.

Particulars	R&OR	NR
Interest on Nepal development bonds(1/3 rd received in India)	7,000	7,000
Income received outside India(2/3 rd)	14,000	--
Income from agriculture in Bangladesh	40,000	--
Past untaxed profits brought to India	exempt	exempt
Interest paid by an Indian company	10,000	10,000
Profit on sale of building in India but managed from outside India	25,000	25,000
Total	96,000	42,000

OR

Q2)(15 marks)

Name Mr. Prashant

Previous year-2017-2017

Assessment year 2017-2018.

Status – Individual

Computation of total income: (½ mk for each item) with steps and proper totaling of income.

Particulars	Rs.	Rs.
Income from House property (1) Income from house II(DLDP)		

3

Municipal valuation (10,000pm@12m) 1,20,000		
Rent (9,000 pm @ 12 m) 1.08,000		
Gross annual value- (Higher of both)	1,20,000	
Less: Municipal taxes paid by the owner	(10,000)	
NET ANNUAL VALUE		1,10,000
Less: Deductions u/s section 24	33,000	
a) Std deduction 30% of NAV	28,000	(61,000)
b) Interest on borrowed funds		
Income from DLOP		49,000
2) Income from House 1 (DLOP)		
Net annual value	NIL	
Std deduction u/s section 24		
Interest on borrowed funds	(40,000)	(40,000)
Income from house property		9,000
2) Income from other sources		
Rent from sub-letting	80,000	
Less: Rent paid to landlord	(22,000)	58,000
Gross total Income		67,000
Less: Deduction under chapter VI A		
u/s Section 80 D: Medical insurance		(17,000)
Net taxable income		50,000

Q3) (15 marks)

Name of the assessee- Mr. Harish

Assessment year 2017-2018

Previous year – 2016-2017

Status – Individual

Computation of taxable capital gains of MR. Harish for assessment year 2017-2018.

Particulars	Rs.	Rs.
Sale consideration (FVCP)	95,00,000	
Less: transfer expenses(expenses on sale)	(75,000)	(3 mks)
Net sale consideration	94,25,000	
Less:		
Indexed cost of acquisition (5,00,000×1125/172)	32,70,349	(2mks)
Indexed cost of Improvement (6,00,000×1125/223)	30,26,906	
Long term capital gain	(62,97,255)	(3mks)
		31,27,745(3 mks)

4

Less: Exemption u/s section 54 (cost of purchase of new residential house) Taxable long term capital gain		(15,00,000) 16,27,745 (4 mks)
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OR

Q3) (15 marks)

Name of the assessee-Mr. Rohit

Assessment year 2017-2018

Previous year -2016-2017

Status – Individual (1/2 mks each)

Computation of total income	Rs.	Rs.
A) Income from salaries		
Basic salary(Rs.30,000 pm @ 12 m)	3,60,000	
Dearness Allowance (Rs. 8,000 pm @ 12 m)	96,000	
Arrears of Salary	20,000	
Conveyance allowance	25,000	
Less: amount spent	(18,000)	
Reimbursement of medical expenses	7,000	
Less: tax free exempted as a govt hospital		
Gross taxable salary	4,83,000	
Less: Deduction u/s section 16	(2,500)	
Professional tax		
Net Taxable income from salary		4,80,500
B) Income from other sources		
Dividend received from PDI	80,000	
Less: exempt	(80,000)	
Interest received from govt. securities	15,000	
Royalties received	50,000	
Total income from other sources		65,000
C) Gross total income		5,45,500
D) Less: Deduction u/s section VI A]		
E) Less: 80 D- Medical	18,000	
F) Less: 80 E- Interest on loan for higher education loan	60,000	
G) Net taxable income (C-d)		(78,000)
Net Taxable income		4,67,500

5

Q4)(15 mks)

Mr. Devendra

AY-2017-2018

PY-2016-2017

Computation of total income:

Particulars	Rs.	Rs.
A. Income from salary	1,35,000	
Basic Salary (15,000 pm @ 9 month)	67,500	
Dearness allowance (50% of basic)		
HRA (1,000 pm @ 9 months)	9,000	
Less: Exempt	(2,000)	7,000
VRS compensation	8,00,000	
Less: Exempt	(4,00,000)	4,00,000
Gratuity	2,00,000	
Less: Exempt	(2,00,000)	—
Commuted Pension:	90,000	
Less: Exempt ½	(45,000)	45,000
Uncommuted pension (5,000 pm @ 3 m)	15,000	
Leave Encashment (15,000 pm upto ten month exempt)		
Gross Salary		6,69,500
Less: Deduction u/s section 16		
Profession tax		(2,500)
Net income from salary		6,67,000
B. Income from other sources		
Interest on loan to friend	15,000	15,000
C. Total income (GTI)		6,82,000
D. Less: Deduction u/s section 80		
80D- Medilcaim (sr. citizen)	22,000	
80 U- Handicapped (85%)	1,25,000	(1,47,000)
E. Net taxable income		5,35,000

(½ mks)

(Each for each adjustment also heads of incomes)

OR

Q4) (15 mks)

6

Name of the assessee - Mr. Raj

AY-2018-2018

PY-2016-2017

Computation of income of Mr. Raj

Particulars	Rs.	Rs.
(A) Receipts taxable as professional income		
1) Professional fees	2,10,000	
2) Gifts from clients (as per vide 28)	25,000	
(B) Less: Expenses allowable		2,35,000
1) Salaries	25,000	
2) Office Rent	6,000	
3) Subscriptions	3,000	
4) Printing & Stationery	7,200	
5) Office expenses	12,000	
6) Depreciation on-Car 10% on Rs. 90,000 for six months and 1/2 for personal purpose	2250	
7) Typewriter 5,000 @ 2%	600	(56,050)
Business Income (A-B)		1,78,950

1/2 mk each adjustment and total 5 mk

Working notes where required important to be checked.

Car depreciation to be taken 6 months and half for personal purpose.

Lottery prize other sources

Share from ~~Salman~~ share in FIF ~~is exempt~~ exempt

Purchase of ~~new~~ capital expenditure

Salary will be gross under the head salary.

Advance ~~is~~ to be deducted.

Q5)A) (7 marks)

Q5)

A) Basic and additional conditions under section 6(1) and 6(6). 3.5 marks each for both the conditions

Basic condition - 182 days or more during the current previous year OR 60 days or more during the previous year and 365 days or more during the four preceding previous years.

Additional condition - Resident in two out of ten preceding previous years & 730 days or more during 7 preceding previous years.

B) Gratuity under section 10(10) - 8 marks

They cover govt - government employee, under payment of gratuity act, 1972 and other employee.

Provisions of all three employees with the exemption limit. To be explained. Gratuity received to government employee fully exempt.
 Notified limit is Rs 10,00,000.
 Completed years of service- take more than six month to one year.
 Take only 10 years.

OR

Q5) Write short notes on any three- five marks each pls check whether all required provisions are covered. Any points can be given.

- a) Income tax under section 2(24)- profits, dividends, voluntary contributions, perquisites, sale of immovable property, advance money, winnings from lotteries, horse race, puzzle games etc. Allowance etc.
- b) Pension under section 10(A)-government employees fully exempt, two types commuted (lump sum) and un-commuted (monthly). Full value commuted pension and receipt of less than 1/3 or 1/2.
- c) Exemption under section 54: - income by way of capital gains arising to an individual and the amount of capital asset would be exempt, asset should be land or building or long term capital asset, amount of the capital gains is greater than the cost of the new asset, the difference between the amount of the capital gains, if the capital gain is more or less than the cost of the new asset, no capital gain would arise to the individual.
- d) Deductions under section 80 C and 80 U-Deductions in respect of savings, deduction for handicapped person - lump sum physical disability upto 40% not applicable, upto 80% - 75000. upto 80% - Rs. 1,25,000.
- e) ~~GAV~~ ~~ord~~ ~~NAV~~ Net annual value- comparison of :
 - f) Fair Rent
 - g) Municipal Valuation
 - h) whichever is higher
 - i) Standard Rent
 - j) Lower of above
 - k) RLV
 - l) AR
 - m) whichever is $>$ If AR less due to vacancy Gross annual value is AR.
 - n) Less: Municipal Tax deducted paid by owner
 - o) NET Annual Value