

(2 ½ Hours)

[Total Marks : 75]

N.B

- 1) All questions are **compulsory**.
- 2) Figures to the right indicate full marks allotted to the question.
- 3) Simple calculator is allowed.

Q1 A. Fill in the blanks using suitable alternatives. (Any 8)

[08]

1. Agriculture income received from India is _____.
 - Fully Taxable
 - Fully Exempt
 - 1/3 Exempt
2. Shares held for less than 12 months are _____.
 - Short term capital gain
 - Long term capital gain
 - Exempted capital asset
3. Total income of a person is determined on the basis of _____.
 - Residential status in India
 - Citizenship in India
 - None of the above
4. Deduction under section 80DD in the case of dependent with severe disability (85%) shall be allowed Taxable
 - To the extent of actual expenditure
 - Rs 125,000 irrespective of actual expenditure
 - Rs 75,000
5. Entertainment allowance under section 16 is deductible in case of _____.
 - Government Employees only
 - Non-Government employees only
 - Deductible for both Government as well Non-Government employees
6. Maximum deduction allowed under section 80C is _____.
 - Rs. 2,50,000/-
 - Rs. 1,00,000/-
 - Rs. 1,50,000/-
7. Municipal taxes are allowed as deduction only if they are _____ by the owner.
 - Payable
 - Paid
 - Outstanding
8. _____ cannot be less than 12 months in any case.
 - Financial Year
 - Previous Year
 - Assessment year
9. Maximum deduction allowed under section 80TTA is _____.
 - Rs. 10,000/-
 - Rs. 1,000/-
 - Rs. 5,000/-
10. Total income of a person is determined on the basis of _____.
 - Residential status in India
 - Citizenship in India
 - None of the above

B State whether the following statement are True or False. (Any 7)**[07]**

1. Municipal tax is a deduction from net annual value.
2. Reserve for bad debts can be deducted from profits of business.
3. Capital gain arises from the transfer of any capital asset.
4. Standard deduction under section 24 is 30% of Net annual value.
5. Dividend received from Co-operative Bank is fully exempt.
6. Entertainment allowance received by a Non-Government employee is exempt from tax.
7. Mediclaim premium paid is allowed as deduction u/s 80D.
8. Assessment year is a period of 12 months starting on first April every year.
9. Foreign income of an ordinary resident is wholly taxable.
10. Exemption and deduction are not same.

Q2 A Mr. Sanjay Gupta who is physically disabled person (80% disability) as certified by medical authority is employed with Bhushan College of Commerce. He furnishes the following information for the previous year 2017-18.

[15]

Particulars	Rs.
Basic Salary	10,000/- per month
Dearness Allowance	3,500/- per month
Arrears of Salary (not taxed earlier)	10,000/-
Examination remuneration received from college	2,000/-
Professional Tax Deducted from Salary	2,000/-
Remuneration received from Mumbai University for setting papers	4,000/-
Medical expenses reimbursement	12,000
Leave Salary Received	14,000

He spent Rs. 12,000/- on purchase of books useful for the purpose of his employment.

Royalty received from Manan Publication for writing on accountancy Rs 20,000.

Compute his taxable income for the Assessment Year 2018-19.

OR

Q2 P) Mr. Raza Shaikh gives you the following information regarding house property owned by him, for previous year 2018-19.

[15]

Particulars	House I (Let out)	House II (Self-occupied property)
Fair Rent	90,000/-	60,000/-
Gross Municipal Valuation	80,000/-	50,000/-
Rent Received	100,000/-	-
Municipal Taxes		
(a) Paid by the tenant	5,000/-	-
(b) Paid by the owner	10,000/-	10,000/-
Repairs	24,000/-	16,000/-
Interest on loan Borrowed for construction of house property	20,000/-	20,000/-

Other Information:

Divided from UTI an Indian company

Rs. 5,000/-

Interest received on Debentures in TATA Steel LTD

Rs. 25,000/-

He paid premium towards approved pension plan of LIC of India

Rs. 25,000/-

Compute his net taxable income for the assessment year 2018-19.

- Q3 A.** Mr.Rohan Gupta is having a trading business and his Trading and Profit & Loss Account for the financial year 2017-18 is as under: [15]

Particulars	Rs	Particulars	Rs
To opening stock	2,34,000	By Sales	12,40,000
To Purchase	10,00,000	By closing stock	2,05,000
To office salaries	57,000	By Income tax refund	15,000
To Proprietors Salaries	30,000	By Dividend from UTI	20,000
To Bad debts	25,000	By dividend from Indian Co.	25,000
To Advertisement	10,500	By Interest on PPF	15,000
To Fire Insurance Premium	4,500		
To conveyance Expenses	6,000		
To Interest on Proprietor's capital	25,000		
To Medical expenses	20,000		
To General Expenses	35,000		
To Wealth Tax Paid	5,000		
To Residential Telephone expenses	14,000		
To GST penalty	4,000		
To Depreciation	30,000		
To Net Profit	20,000		
	15,20,000		15,20,000

- The residential telephone is used half the time for office work.
- Depreciation allowable as per income tax rules Rs 25,000.
- General expenses include Rs 10,500 paid for purchase of lottery tickets.
- Purchases include Furniture purchased worth Rs 80,000

You are required to compute his income from business for the Assessment year 2018-19.

OR

- Q3 P.** Following is the receipts and payment account for the year ended March 31st March 2018 of Mr. A, a practicing Lawyer. [15]

Receipt	Rs.	Payments	Rs.
To Balance b/f	42,500	By Salary	1,55,000
To Professional fees	10,50,000	By Subscriptions for legal publications	15,000
To Salary as a Law Lecturer	4,500	By Printing & Stationery	36,000
To Lottery Prize	30,000	By Advance Tax	3,00,000
To Received from his father's H.U.F being his share	47,500	By Purchase of typewriter	25,000
To Gifts received from clients	1,00,000	By Personal Drawings	1,75,000
		By Purchase of Car	4,50,000
		By office Expenses	60,000
		By Balance c/f	58,500
	12,74,500		12,74,500

Other relevant details are:

- Depreciation on car is allowed at 20%.
- 1/3 of the car use has been for personal purposes
- Depreciate Typewriter by 12.5%

Determine the taxable business income of Mr. A for the assessment year 2018-19.

Q4 A) Mr.Samuel purchased a house property for Rs. 1,25,000 on 16thAugust, 1991. He made the following addition to the house property. [08]
 Cost of construction of 1st floor in financial year 2005-06 Rs 12,25,000.
 The fair market value of the property on 1-4-2001 was Rs 13,50,000.
 He sold the property on 15thSeptember 2017 for Rs 85,00,000.
 He paid brokerage of Rs 25,000 for the sale transaction.
 Compute his capital gain for the Assessment year 2018-19.
 Relevant cost inflation indices are as follows:
 2001-02: 100 , 2005-06 : 117, 2017-18 : 272

B) Determine the legal status of the following. [07]
 1. Beena Shah
 2. Reliance Industries Ltd
 3. Anil Cricket Club
 4. Tata Memorial Trust
 5. Mumbai University
 6. Mumbai Municipal Corporation
 7. Tirupati Devasthanam

OR

Q4 P) Determine the taxability of the following incomes of Mr. Daniel, assuming that he is [08]
 1) Resident and ordinarily resident
 2) Resident but not ordinarily resident,
 3) Non-resident

Particulars	Rs.
Rent received from house in Kolkata	4,000
Dividend received from MacDonalD's Ltd a USA Company in USA	10,000
Interest on Bank accounts in London	46,000
Profit from business in Dubai managed from India	58,000
Royalty received from Indian Companies	38,000
Income from business in USA, controlled from Delhi	69,000
Past untaxed profit earned outside India, brought to India	20,000

Q) Mr. Jack is a USA citizens. He provides you the details of his visit during last 7 years [07]

Previous Year	No. of days stay in india
2011-2012	130
2012-2013	95
2013-2014	98
2014-2015	122
2015-2016	25
2016-2017	85
2017-2018	180

Prior to 1-4-2011 he did not visit India. Find out his Residential status for the Assessment year 2018-19.

- Q5** A) What are the different categories of persons according to their legal status? [08]
B) Enumerate the items of income chargeable to tax under the head profits and gains of business of profession, [07]

OR

- Q5** Short Notes (Answer any 3) [15]
a. Residential status of an individual.
b. Short term capital gains
c. Income from Other sources
d. Gross Annual Value (GAV)
e. Deduction under Section 80 C