

**M.COM [PART-II]****-: ACCOUNTS GROUP :-****DIRECT AND INDIRECT TAX (OLD)****(PAPER - V) (JAN- 2020)**

[ Total Marks : 100]

- N.B: (1) Question Nos. 1 and 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 the questions from Section II  
 (4) Figures to the right indicate full marks.  
 (5) Working notes forms part on answer.  
 (6) Use of simple calculator is permitted.

**SECTION-I**

- Q.1: Mr. Ram, Proprietor of Ram & Co. Furnishes you the following information for the (20) year ended 31<sup>st</sup> March, 2017.

Debit	Rs.	Credit	Rs.
To Goods Consumed	2,80,000	By Sales	15,60,000
To Conveyance	60,000	By Income from Mutual funds	20,000
To Printing Expenses	40,000	By Interest on Bank FD.	38,000
To Staff Salaries	1,20,000	By Gift from wife	42,000
To LIC premium paid	1,40,000		
To Depreciation	60,000		
To Income Tax	80,000		
To Motor Car Expenses	50,000		
To Advertisement Exps.	30,000		
To Audit Fees	20,000		
To Net Profit	7,80,000		
Total	16,60,000	Total	16,60,000

Additional Information:

- Mr. Ram withdrawn Rs. 72000 which is included in Staff Salaries
- Rs. 62,000 Depreciation is allowable as per Income Tax Rules.
- 1/5<sup>th</sup> of the motor car expenses are for personal use.
- Mr. Ram Paid Rs. 20,000 as medical insurance premium to Star Health Insurance Co. Ltd.

You are required to compute his taxable income for assessment year 2017-18.

- Q.2a: Fill in the Blanks with appropriate option. (05)

- Total Income of a person is determined on the basis of \_\_\_\_\_
  - Residential Status in India.
  - Citizenship in India
  - Both of above
  - None of the above.
- Salary received by a partner of a partnership firm is \_\_\_\_\_
  - Income from Salary
  - Income from other source
  - Exempt Income
  - None of the above.

3. Interest paid on Loan taken for purchase of House property is deducted from \_\_\_\_\_.  
 a) Net Annual Value  
 b) Gross Annual Value  
 c) Annual Rent Received  
 d) None of the above
4. Export incentives received by an assessee are \_\_\_\_\_.  
 a) Exempt  
 b) Taxable as business income  
 c) Exempt up to certain limits  
 d) None of the above.
5. Income under the head income from other sources is taxable on \_\_\_\_\_.  
 a) Due basis.  
 b) Receipt basis.  
 c) The basis of Method of Accounting regularly employed by the assessee.  
 d) None of the above.

- Q.2B: State whether the following statements are true or false. (05)  
 a) Gratuity received by a Government employee is exempt from tax.  
 b) Municipal Tax is deduction from Gross Annual Value if paid by owner.  
 c) Capital Gain arises from transfer of capital asset  
 d) Directors fees received is taxable as Income from other sources.  
 e) The Total amount of deduction U/S 80 should not exceed Gross Total Income.

- Q.2C: Match the following: (05)

	GROUP "A"		GROUP "B"
1	Entertainment Allowance	A	Not a Capital Asset
2	Interest on loan for let out property	B	Exempt from Tax.
3	Stock	C	Deduction for Handicapped Person.
4	Dividend from Indian Company	D	Taxable Income
5	Section 80 U	E	Fully deductible
		F	Allowed only to Govt. Employee

- Q.3 From the following particulars of Mr. Naresh for the previous year ended 31<sup>st</sup> March, 2017. Compute his Taxable Income for A.Y. 2017-18 (15)
1. Ground Rent Received Rs. 50,000  
 2. Director fees received Rs. 30,000  
 3. Interest:  
 a) on Fixed deposit with banks Rs. 5,500  
 b) On post office savings Rs. 12,000  
 c) On Government Securities Rs. 4,500  
 d) On Public Provident Fund Rs. 10,000  
 e) On National Saving Certificates Rs. 7,500  
 f) Interest on Post Office CTD Rs. 2,500.  
 g) Dividend Received (Gross) Rs. 9,000  
 h) Lottery Prize (Gross) Rs. 25,000

- i) Rent from Sub-letting of flat Rs. 25,000; rent paid to land lord for the flat Rs. 5,000.  
 j) Professional Income Rs. 2,00,000.  
 k) Loss from House Property Rs. 24,000  
 l) Short Term Capital Gain Rs. 40,000

OR

- Q4: Write Short Notes on (Any Three) (15)  
 a) Conditions Residential status for an Individual.  
 b) Deductions from Income from Salary  
 c) Gross Annual Value.  
 d) Long Term Capital Gain  
 e) Deduction u/s 80U

SECTION-II

- Q.5: Piyush Trainers Ltd., a commercial training and coaching centre, provides the various services as follows. (10)  
 a) Training and coaching of Hockey Rs. 10 lakhs.  
 b) Coaching to students for preparation of IIT Exams Rs. 20 lakhs.  
 c) Conduct of admission test for admission to ICE College recognised by foreign law Rs. 25 lakhs.  
 d) Training and recreational activities relating to culture; Rs. 11 lakhs.  
 e) Receipts from sale of prospectus/ application forms to trainees Rs. 15 lakhs (out of which Rs. 5 lakhs relates to the taxable service)  
 f) A building let out to school providing pre-school education Rs. 5 lakhs.  
 g) Postal Coaching receipts Rs. 10 lakhs.  
 h) Placement Services Provided to GSM College, providing qualification recognised by Indian Law Rs. 7 lakhs.  
 i) Receipts from running hobby classes Rs. 15 lakhs.  
 Compute the service tax payable thereon if all charges are exclusive of service tax. Ignore Small Service providers exemption and abatement.

- Q.6: Match the following and rewrite (10)

	Group "A"		Group "B"
1	Actionable Claims	A	Are Goods
2	Service provided employee to associate of employer	B	Are Sales
3	Deemed Sales	C	Service
4	Growing Crops	D	Are not service in course of employment
5	Services provided on Contract basis	E	Not a Service
6	Point of Taxation	F	Not Goods
7	Payment of Service Tax	G	On issuance of invoice or date of completion of service
8	Completion of Services	H	30 Days

9	Time specified for issue of invoice	I	Service deemed to be provided
10	Agreement to provide taxable service is chargeable	J	On receipt basis
		K	On hybrid basis
		L	45 Days

- Q.7: From the following information for May 2016 supplied by Mr. Sunil, compute his value of non-taxable as well as taxable services and the service tax payable for the month of May, 2016 (Ignore threshold limit and all amount given are excluding service tax) (10)

Particulars	Rs.
Designing Charges received from Religare Company	1,50,000
Pest Control Charges received from Society	50,000
Air Conditioning Repair Charges Received (Labour only)	90,000
Amount received as Member of Parliament	5,00,000
Amount Received as Repayment of Loan	50,000
Amount received from Bank for converting Rs. 2000 notes into Rs. 100 denomination notes	1,00,000
Amount received for sale of Space for Advertisement in newspaper	3,50,000
Amount received from running Kindergarten Classes	3,00,000
Amount received from running of Auto Rickshaw	1,00,000
Amount received from United Nations for courier services provided to them	1,00,000

- Q.8: Mr. Ramesh commenced business on 28<sup>th</sup> March, 2016. From the following particulars regarding purchases and sales transaction find out from which date he will be liable for Registration and to pay tax as per the provisions of MVAT Act 2002. Give reasons. (10)

Date	Purchases		Sales	
	Taxable	Tax free	Taxable	Tax free
28-Mar-16	6,000	18,000	8,000	24,000
29-Mar-16	3,000	25,000	1,000	32,000
31-Mar-16	1,500	80,000	500	95,000
1-Apr-16	6,000	2,28,000	8,000	3,75,000
2-Apr-16	4,000	1,75,000	1,000	1,05,000
3-Apr-16	10,000	1,00,000	20,000	1,10,000
5-Apr-16	6,000	1,20,000	15,000	1,05,000
6-Apr-16	4,000	75,000	10,000	2,10,000
10-Apr-16	5,000	1,10,000	5,000	1,28,000

- Q.9: Rewrite the following statement by selecting the appropriate option as per MVAT Act, 2002. (10)

1. Definition of the term 'Goods' does not include \_\_\_\_\_.
- a) Apple trees                      b) Farm Land                      c) Growing Crops.

2. Under composition scheme, tax rate applicable to works contract other than construction contract is \_\_\_\_\_  
a) 1.5%                                      b) 5%                                      c) 8%.
  3. The set-off can be adjusted against the tax payable against the \_\_\_\_\_ payable during the period.  
a) Central sales tax                      b) Value Added Tax                      c) Both of above.
  4. S & Co purchases Schedule B goods (tax rate 1%) for Rs. 2,02,000 and sells the same for Rs. 3,03,000 (both inclusive of VAT), the net tax payable is \_\_\_\_\_  
a) Rs. 1000                                      b) Rs. 2000                                      c) Rs. 3,000.
  5. As per composition scheme for retailers, 1.5% tax is payable on turnover of sales of \_\_\_\_\_.  
a) Tax-free Goods                              b) Taxable Goods                              c) both Taxable & Tax-free Goods
  6. Rate of Tax for a unit located in notified Software Technology Park (STP) is \_\_\_\_\_.  
a) Nil    b) 1%    c) 2%
  7. The basic sale price of goods is Rs. 40,000. The Excise duty thereon of Rs. 10,000 and packing charges of Rs. 4,000 is charged separately in the Invoice. The sale price chargeable to VAT is \_\_\_\_\_.  
a) Rs. 40,000                                      b) Rs. 50,000                                      c) Rs. 54,000.
  8. Mr. Prem of Pune purchased goods for Rs. 40,800 (inclusive of CST Rs. 800) from Mr. Kamal of Karnataka. He sold these goods to Mr. Madan of Mumbai for Rs. 63,000 (inclusive of VAT 5%). The VAT payable by Mr. Prem is \_\_\_\_\_.  
a) Rs. 800    b) Rs. 2,200    c) Rs. 3000.
  9. Schedule B goods include \_\_\_\_\_  
a) Gold Jewellery                                      b) Declared goods                                      c) Liquor
  10. Deductions for Sales Returns from Gross Turnover of Sales, can be claimed only if the returns are within a maximum period of \_\_\_\_\_ months from the date of sale.  
a) One    b) Six    c) Nine
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