

Total No. of Questions : 5]

SEAT No. :

**P2196**

**[5465]-3008**

**[Total No. of Pages : 5**

**M.B.A.**

**305(FIN) : DIRECT TAXATION**  
**(Finance Specialization)**  
**(2016 Pattern) (Semester - III)**

**Time : 2¼ Hours]**

**[Max. Marks : 50**

**Instructions to the candidates:**

- 1) *All questions are compulsory.*
- 2) *Use of simple calculator is allowed.*
- 3) *Figures to right indicate full marks.*

**Q1) a)** “A financial year has a dual role of play, it is both previous year as well as an assessment year”. Do you agree? **[5]**

**b)** Explain the concept of person under section 2(31) of the Income Tax Act, 1961. **[5]**

**OR**

“The incidence of income tax depends upon the residential status of an assessee”. Discuss. **[10]**

**Q2) a)** Ms. Guru an employee of Moontech Ltd. provided following information for the P.Y. 2017-18. Compute the income from salary for the A.Y. 2018-19.

- Basic pay Rs. 16,500/- P.M.
- D.A. 40% of basic salary.
- commission at 5% of sale Rs. 30,000/-
- Employer's contribution to RPF Rs. 47,200/-
- Education allowance for her own education Rs. 5000/- p.m.(Actual expenses Rs. 2,500 p.m.)
- Entertainment allowance Rs. 400/- p.m.
- She has been provided with a car 1800cc for personal use along with a driver. The cost of the car is Rs. 5,00,000/-. The salary of driver is Rs. 3,000/- p.m. paid by the employer. The maintenance expenses are paid by her Rs. 2,000 p.m.

**P.T.O.**

The employer provided a house at Mumbai for which rent paid by employee Rs. 3,800/- p.m. The cost of furniture provided to her is Rs. 1,30,000/-. The employer deducts Rs. 1,200/- p.m. from her salary as a rent of house provided to her and Rs. 2,500/- p.a. as Professional Tax. [10]

OR

- b) Following are the details of Mr. Ram working as a branch manager in a company at Solapur, for the financial year 2017-18. Compute his income from salary for the Assessment year 2018-19. [10]

- Basic pay Rs. 55,000/- p.m.
- D.A. 40% of salary (60% of which is considered for retirement benefit)
- Bonus Rs. 35,000/- p.a.
- City compensatory allowance Rs. 1,200/- p.m.
- Children education allowance Rs. 800/- p.m. (He is having 2 sons & 1 daughter)
- Entertainment allowance Rs. 1,000/- p.m.
- Transport allowance Rs. 1,000/- p.m.
- HRA Rs. 4,000/- p.m. rent paid by Mr. Ram Rs. 10,000/- p.m.
- Contribution to RPF Rs. 6,000/- p.m. by the employee and equal amount is contributed by the employer.
- He received Rs. 25,000/- by way of reimbursement of hospital bill in respect of his wife.
- Interest credited to RPF @ 12% is Rs. 72,000/-

- Q3) a)** Write short notes on :- [5]

- i) Short term capital gain
- ii) Long term capital gain

- b) From the following information compute the income from let out house property for the A.Y. 2018-19. [5]

- Municipal valuation Rs. 3,60,000/-
- Fair Rent Rs. 3,70,000/-
- Standard Rent Rs. 2,50,000/-
- Annual Rent Rs. 4,80,000/-
- Municipal Taxes Rs. 36,000/-
- Amount spent on repairs Rs. 36,000/-
- Period of vacancy 1 month
- Interest on borrowed capital Rs. 1,80,000/-

OR

- a) Enumerate at least five items of incomes which can be included under the head income from other sources. [5]
- b) From the following information, compute the taxable income from let out house property, for the A.Y. 2018-19. [5]
- Municipal valuation Rs. 1,10,000/-
  - Fair Rent Rs. 1,20,000/-
  - Standard Rent Rs. 1,26,000/-
  - Actual Rent Received Rs. 1,32,000/-
  - Municipal Taxes (due) Rs. 18,000/-
  - Repairs Rs. 6,000/-
  - Insurance Rs. 3,000/-

**Q4) a)** Mr. Sham is an advocate and has prepared the following income and expenditure account for the year ending 31<sup>st</sup> March 2018. [10]

Income	Amt.	Expenditure	Amt.
Fees received	7,05,000	Office expenses	1,00,000
Gift from father		Employees salary	50,000
in Law	50,500	Magazines	6,000
Dividend	80,000	Personal Expenses	1,70,000
Profit on sale		Donations to National	
of Investment	64,500	Defence Fund	5,000
Law consultancy fees	5,00,000	Interest	7,000
		Income Tax	1,33,000
		Car expenses	20,000
		Net surplus	9,09,000
	14,00,000		14,00,000

Additional information :-

- i) The car is equally used for official and personal purpose.
- ii) Rs. 10,000/- of domestic servants salary is included in employee's salary.

Compute his professional income for the A.Y. 2018-19.

OR

- b) Following is the Profit & Loss A/c of Mr. Pradeep for the year ended 31<sup>st</sup> March 2018. [10]

Profit & Loss A/c.

Dr.

For the year ended 31-3-2018.

Cr.

Particulars	Amt.	Particulars	Amt.
To Salary	78,000	By Gross profit	2,23,000
To General expenses	12,500	By Sundry Receipts	8,400
To Advertisement	8,000	By Gift from father	25,000
To Fire Insurance	3,500	By Interest on	
To Office expenses	4,500	Bank Deposit	6,000
To Depreciation	15,800	By Bad Debts	
To Bonus	12,800	recovered(not allowed	
To Income Tax	8,600	as deduction earlier)	5,400
To Sales Tax	4,500		
To Interest on Bank			
loan	5,600		
To Donations to			
educational institute	10,500		
To Interest on			
Income Tax	3,500		
To Net Profit	1,00,000		
	2,67,800		2,67,800

Additional information :-

- i) Salary includes Rs. 4,200/- paid to Mr. Pradeep.
- ii) Advertisement includes Rs. 550 as expenditure incurred for selling household furniture.
- iii) Allowable depreciation as per income tax rules is Rs. 14,000/-
- iv) Sales tax includes Rs. 500 as a penalty for not filling returns on time.
- v) General expenses include Rs. 5,850/- as a gift given to a friend on his marriage.

Compute taxable income from business for the A.Y. 2018-19 of Mr. Pradeep.

**Q5) a)** Mr. Mohan has given the following particulars of his income and savings for the financial year ending 31<sup>st</sup> March, 2018. **[10]**

- i) Gross salary Rs. 2,02,000/- p.a.
- ii) Profit from business Rs. 1,00,000/- p.a.
- iii) Interest on Govt. securities Rs. 2,000/-
- iv) Dividend received from an Indian company Rs. 5,600/-
- v) Income from House property Rs. 12,000/- p.a.
- vi) He paid Rs. 6,000/- for life insurance premium, deposited in PDF A/c Rs. 20,000/-, invested Rs. 4,000/- in NSC and made term deposit for 5 years in SBI Rs. 50,000/-.
- vii) He paid Rs. 2,500/- as professional tax.

Compute the tax liability of Mr. Mohan for the A.Y. 2018-19.

OR

**b)** From the following information of Mr. Keshav compute his taxable income and the liability for A.Y. 2018-19. **[10]**

- i) He is in service in a company and his monthly salary is Rs. 50,000/-. He also received bonus of Rs. 82,000/- and paid professional tax Rs. 2,500/-
- ii) He has his own business and the net income of that business is Rs. 1,17,500/-.
- iii) His investments are as follows
  - Rs. 50,000/- in 10% debentures
  - Bank FD. Rs. 2,00,000 @ 12% rate of interest
- iv) During previous year he made investments as follows :
  - Contribution to RPF Rs. 13,200/-
  - LIC premium of his child policy Rs. 5,100/-
  - Contribution to ULIP Rs. 2000/-
  - NSC Rs. 4,200/-

