

Seat No. : _____

LE-122

April-2014

F.Y.M.Sc. (CA & IT) (Sem.-II)

(Integrated)

Taxation Laws

Time : 2 Hours]

[Max. Marks : 50

1. Attempt any **two** : **10**
- (A) What is Central Board of Direct Taxes ? What functions are performed by it ? Discuss.
- (B) Differentiate between
- (i) Direct Tax and Indirect Tax
- (ii) Assessment Year and Previous Year
- (C) Mr. Robert, a British Citizen, regularly coming to India since last 14 years and every time stayed for 3 months in September, October and November. Determine his residential status for the Assessment Year 2012-13. What would have been the effect on his residential status, if he had stayed in India in the months of October, November and December ?
2. Mr. Sanjay has furnished following information. Calculate his taxable salary for the Assessment Year 2012-13. **10**
- (i) Monthly basic salary ₹ 20,000 is increased to ₹ 22,000 from 1-9-2011.
- (ii) Total Dearness Allowances ₹ 10,000.
- (iii) Bonus ₹ 36,000.
- (iv) Monthly Entertainment Allowances ₹ 1,000.
- (v) He contributes in the recognized provident fund @ 15% of his basic salary and company contributes 14%.
- (vi) He paid ₹ 2,400 as professional tax.
- (vii) Company gave him fully furnished flat (in a city having a population of less than 5 lakhs) for residential use whose fair rent is ₹ 1,50,000 and cost price of the furniture is ₹ 50,000.
- (viii) Interest credited at 14% in recognized provident fund ₹ 28,000.
- (ix) Education Allowances ₹ 2,000 p.a.(for two children).

3. Miss Ruchi is the owner of three houses. Find out the taxable income from house property from the details given below for the A.Y. 2012-13 :

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Particulars	Jannat	Mannat	Manzil
Usage	Let-out	Let-out	Self-occupied
Municipal Value	₹ 60,000	₹ 15,000	₹ 5,00,000
Fair Rent	₹ 96,000	₹ 22,200	—
Standard Rent	₹ 84,000	₹ 21,000	—
Rent receivable	₹ 1,14,000	₹ 24,000	—
Local Taxes	5%	4%	10%
Vacancy Period	3 months	½ month	—
Un-realised Rent	₹ 9,500	—	—
Interest on loan for construction	₹ 5,000	₹ 1,000	₹ 10,000
Capitalized Interest	₹ 10,000	—	₹ 7,500

4. Do as Directed :

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- (A) On 31st December 2010, Mr. Bhavesh sold his jewellery for ₹ 6,31,615. It was bought for ₹ 96,875 in 1984-85. Transfer charges were incurred @ 2.5% of sales price. On 1st March, 2011 ₹ 50,000 has been invested in 3 years Bonds of NHAI and relevant cost inflation index of 1984-85 and 2010-11 are 125 and 711 respectively. What would be the taxable amount of capital gain for the A.Y. 2011-12 ?
- (B) Miss Hina had purchased a residential house for ₹ 5,00,000 during the year 1984-85. She had also paid ₹ 1,76,250 as additional construction expenses during the year 1987-88. On 7-7-10 she sold the above house for ₹ 44,08,825 and paid ₹ 80,000 as brokerage. On 1-1-2011 she purchased another house for ₹ 8,02,825. Relevant cost index of 1984-85, 1987-88 and 2010-11 are 125, 150 and 711 respectively. Find out tax free capital gain for the A.Y. 2011-12.

5. Attempt any **one** :

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(A) Shri B has furnished the following particulars of his investments for the year ending 31-3-2012. Compute his taxable income under the head of "Income from other sources" for the A.Y. 2012-13

- (i) ₹ 40,000 7% Port Trust Bonds
- (ii) ₹ 10,80,000 10% redeemable debentures of Reliance Co. Ltd.
(T.D.S at 10.30%)
- (iii) ₹ 1,80,000 10% Govt. Loan
- (iv) ₹ 1,20,000 15% cumulative Pref. Shares of Nobel Co. Ltd.
- (v) ₹ 12,00,000 10% tax-free debenture of X Ltd. (T.D.S at 20.60%)

On 1-6-2011 he sold his Port Trust Bonds for ₹ 42,000 and purchased ₹ 1,60,000 12% tax free debentures of Krishna Ltd. for ₹ 1,68,000 (T.D.S 20.60%). On 1-8-2011 he sold 10% Govt. loan at par. Interest on investments becomes due half-yearly on 1st January and 1st July.

Prof. Dividend was received on 31-12-2011.

He has paid ₹ 2,118 as commission to his bank for collection of interest on various investments and also paid bank commission of ₹ 800 for selling and buying of securities of Port Trust Bonds and Debentures of Krishna Ltd. He has paid ₹ 30 as commission for the collection of dividend.

(B) Given below is the Profit and Loss A/C for the year ending 31st March, 2012 of Reliance Ltd. :

Dr.	Profit And Loss A/C		Cr.
Particulars	₹	Particulars	₹
To General Expenses	15,000	By Gross Profit	5,32,000
To Bad-debt	2,000	By Discount & Commission	6,000
To Bad Debt Reserve	5,000	By Rent	27,000
To Provision for taxation	7,000	By Interest on Investment	3,000
To Insurance Premium	8,000	By Bad-Debts recovered	16,000
To Motor-car Expense	55,000	By Surplus on sale of shares	75,000
To Sales Tax	55,000	By Profit on sale of machine	1,000
To Salary	2,35,000		
To Legal Charges	4,000		
To Charity	6,000		
To Income Tax	85,000		
To Net Profit	1,83,000		
	6,60,000		6,60,000

Additional Information :

- (i) Insurance premium includes ₹ 3,000 being medi-claim Insurance and ₹ 2,000 being Life Insurance Premium.
- (ii) 25% of the amount of bad-debts recovered not allowed before three years.
- (iii) Half of the use of motor-car is for personal use and the written-down value of the car as on 1-4-2011 was ₹ 2,50,000 (Depreciation Rate 15%).

Compute his total taxable Business income for the A.Y 2012-13.
