

PGDIFA Sem.-2 Examination

Paper-8

Taxation : Direct and Indirect Taxes

Time : 2-30 Hours]

May-2024

[Max. Marks : 70]

Q.1 (A) Do as Directed:

(10)

- 1) Explain Provisions of undisclosed sources of incomes.
- 2) Mr. Dave, aged 35 years and a resident in India, has a total income of ₹ 6,50,00,000 comprising long term capital gain taxable under section 112 of ₹ 55,00,000, short term capital gain taxable under section 111A of ₹ 65,00,000 and other income of ₹ 5,30,00,000. Compute his tax liability for A.Y. 24-25 under the default tax regime and optional tax regime as per the normal provisions of the act assuming that the total income and its components are the same in both tax regime.

OR

Q.1 (A) Mr. Hitesh grows sugarcane and uses the same for the purpose of manufacturing sugar in his factory. 30% of sugarcane produce is sold for ₹ 10 lacs and the cost of cultivation of such sugarcane is ₹ 5 lacs. The cost of cultivation of the balance sugarcane (70%) is ₹ 14 lakh and the market value of the same is ₹ 22 lakh. After incurring ₹ 1.5 Lakh in a manufacturing process on the balance sugarcane, the sugarcane was sold for ₹ 25 lacs. Compute Mr. Hitesh's business income and Agriculture Income. (10)

Q.1 (B) Short Questions: -

(04)

1. As per the definition of Income, the income includes the following _____.

- a) Profits and gains
- b) Dividend declared
- c) Voluntary contribution received by a trust created
- d) All of the above

2. The HUF is said to be resident in India if _____.

- a) The control and management of its affairs is wholly or partly situated in India
- b) The control and management of its affairs is partially situated out of India
- c) The control and management of its affairs is wholly or partly Situated out of India
- d) None of the Above.

Q.2 The following is the Receipts and Payments account of Mr. Virat Kohli, a practicing-chartered accountant, for the year ended 31-3-2024. (14)

Receipts	₹
Audit fees	80,000
Consultation	40,000
Appellate Tribunal appearance	25,000
Misc. Receipts	20,000
Interest on Govt. securities (Gross)	8,000
Rent received for house No. 1	24,000
Presents from clients	10,000
Payments	
Stipend to article clerks	12,000
Office expenses	24,000
Office rent	18,000
Salaries and wages	20,500
Printing and stationery	4,000
Subscription to C.A. institute	1,500
Purchase of books for professional purposes	15,000
Traveling expenses	5,000
Interest on bank loan	12,000
Donation to National Defense Fund	5,000

Additional information:

Loan from bank was taken for the construction of the second house in which he lives. Municipal value of this house is Rs. 18,000 and the local taxes Rs. 1,800 p.a. 1 / 4th of travelling expenses is not allowable.

Compute professional income and income from house property for the assessment year 2024-25 assuming 50% of the books were purchased in August 2023 and balance 50% in February 2024.

OR

Q.2 Mr. Bhambwani is an owner of a small shop in Mumbai. Determines his net income and tax liability on the basis of the following profit and loss account for the year ending March 31, 2024: (14)

(P.T.O.)

	Rs.		Rs.
Opening stock	1,04,000	Sales	40,51,000
Purchases	30,08,750	Closing stock	2,10,000
Salaries and wages	1,75,000		
Rent and rates	1,31,000		
Commission	21,500		
Household expenses	20,000		
Income-tax for 2017-2018	36,100		
Advertisement	5,000		
Postage and telegram	4,000		
Interest on own capital	84,000		
Reserve for bad debts	3,400		
Depreciation on furniture	18,000		
Net profit	6,50,250		
	42,61,000		42,61,000

Other particulars:

- 1) Closing stock and operating stock has consistently been valued at 10 percent below cost price.
- 2) Depreciation on furniture, as per tax provisions, is ₹.17, 200.
- 3) Amount of sales includes a sum of ₹. 41,250 representing the value of goods withdrawn for the use of Mr. Bhambhani's family members. These goods were purchased at cost of ₹ 27,850. Market value of these goods is ₹ 45, 240.
- 4) Household expenses include a contribution of ₹ 11,750 towards public provident fund.

Q.3 (A) Explain the provisions of Clubbing in relation with income arising to son's wife.

(10)

Q. 3 (A) During the P.Y. 2023-24, Mr. Chetak has the following income & the brought forward losses: (10)

Particulars	₹
Short term capital gains on sale of shares	1,50,000
Long term capital loss of A.Y.2022-24	(96,000)
Short term capital loss of A.Y.2023-24	(37,000)
Long term capital gain u/s 112	75,000

What is the capital gain taxable in the hands of Mr. Chetak for the A.Y.2024-25?

Q.3 (B) Short Questions: -

(04)

1. If the owner uses his own premises for his business, Notional Rent shall _____ as deduction.
a) Be Allowed b) Not Allowed c) Partially Allowed d) None of the Above

2. Calculate PGBP income.

2. Calculate PDB income.

Q.4 (A) GST is a destination-based tax on consumption of goods or services or both. Discuss the validity of the statement. (10)

OR

Q.4 (A) Explain some of the benefits that GST may accrue to the economy.

(10)

Q.4 (B) Short Questions: -

(04)

1. _____ Was the first Country to implement GST law in year 1954.
a) France b) U.K. c) Germany d) India

2. What is the turnover limit for the small tax payers introduced Under GST?
a) 500 Lakhs b) 100 Lakhs c) 200 Lakhs d) 150 Lakhs

Q.5 Define Following terms: -

(14)

1) Business	2) Consideration	3) Recipient	4) Reverse Charge
5) India	6) Input tax	7) Zero Rated Supply	

OR

Q.5 Raj Sales GST of ₹ 10 lakh, from various suppliers during the month of October. Out of 100 invoices, details of 80 invoices involving GST of ₹ 6 lakh have been furnished by the suppliers in their respective GSTR-1s filed on the prescribed due date therefor and are reflected in GSTR-2B of Raj Sales.

Compute the ITC that can be claimed by Raj Sales in its GSTR-3B for the month of October to be filed by 20th November assuming that GST of ₹ 10 lakh is otherwise eligible for ITC. (14)