

Seat No. : _____

AF-141

April-2015

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

Taxation Laws

Time : 2 Hours]

[Max. Marks : 50

1. Attempt any **two** : **10**

- (a) Write a note on Settlement Commission.
- (b) What are the different categories of assessee according to their residential status ? How is this status determined ?
- (c) Classify the following in context of the definition of 'Person'
 - (i) Shri Narendra Shah
 - (ii) Gujarat Chamber of Commerce
 - (iii) M/s Jivanlal & Sons
 - (iv) Reliance Pvt. Ltd.
 - (v) Sikkim Manipal University

2. Shri Paresh Raval is the general manager of Apex Industries Limited and gets a monthly salary of ₹ 24,000 and entertainment allowance of ₹ 1,000 per month. He contributes 15% of his salary to recognised provident fund to which the company contributes ₹43,200. He has been provided with a rent-free unfurnished house (in a city having population of less than 10 lakhs) owned by company whose rental value is ₹ 1,20,000 p.a. He has also received ₹ 12,000 as commission and two month's salary as bonus during the year 2013-14. Interest @ 10.5% p.a. amounting to ₹ 21,000 was credited to his P.F. A/c on 31-12-2013. He has been also provided a car (without driver); all expenses of maintenance are borne by the employee. The car is for office and private use and has 1.8 It. cubic capacity engine. Professional Tax of ₹ 2,400 (Annual) has been deducted from his pay by the company. **10**

Compute his taxable salary income for the A.Y. 2014-'15.

3. From the following particulars, you are required to compute taxable income under the head of 'house property' for the A.Y. 2014-'15.

10

Particulars	House no. 1	House no. 2	House no. 3	House no. 4
Municipal valuation	72,000	1,20,000	2,40,000	1,50,000
Fair Rent	60,000	90,000	2,60,000	1,80,000
Actual Rent Received(monthly)	6,500	8,000	–	–
Standard Rent	55,000	1,24,000	–	–
Local tax paid by the owner	6,000	8,000	9,000	7,000
Taxes paid by tenant	–	2,000	–	–
Land revenue paid	300	400	600	500
Type of Use	Let out for resident	Let out for business	Self-occupied	Self-occupied

4. Do as directed :

10

- (a) Mr. Abhinav sold his only residential house on 15th June, 2013 at ₹ 40, 56,000. It was bought by him in 1970 for ₹ 2, 00,000. The fair market value of the house on 1st April, 1981 was ₹ 4, 00,000. On 15th January, 2014, half of the sales value of the residential house was invested in 3 years Bonds of NHAI. The relevant cost inflation index of 1981-'82 and 2013-'14 are 100 and 939 respectively. What would be the taxable amount of capital gain for the A.Y. 2014-'15.
- (b) Mr. M sold his jewellery for ₹ 5,20,000 on 12-8-'13. This jewellery was purchased for ₹ 72,000 in 1991-'92. From the sale proceeds, he purchased residential house (in which he was staying as a tenant) for ₹ 4,00,000 On 12-1-2014. The relevant cost inflation index of 1991-'92 and 2013-'14 are 199 and 939 respectively. What would be the taxable amount of capital gain for the A.Y. 2014-'15.

5. The details of the investments held by Miss Delnaz during the previous year are given below :

10

	₹
(1) 9% Municipal Debentures	30,000
(2) 7.5% tax-free Indian Govt. Securities	40,000
(3) 7.5% Port trust Bonds	20,000
(4) 10% Tax free Debenture of Hari Ltd. (T.D.S Rate : 20%)	30,000
(5) 6.5% Treasury Savings Certificate	10,000
(6) 9% preference shares of a company	40,000
(7) Family pension received	21,000
(8) Winning from lottery	24,000
(9) Income from Agriculture land situated in India	80,000

She has taken a loan to purchase tax-free securities of Indian Government and paid ₹ 1,800 as interest for it. The interest paid on loan to purchase the debenture of Hari Ltd. is 2,000. She paid the bank commission of ₹ 230 to collect the interest and ₹ 50 to collect the amount of dividend. She purchased lottery ticket for ₹ 500. Compute the taxable income of Miss Delnaz for the A.Y. 2014-'15 under the head 'income from other sources'

OR

5. Determine taxable income from business for the A.Y. 2014-'15 from the given below Profit and Loss A/C for the year ending on 31st March, 2014 and other particular of Keval Shah :

10

Dr.	Profit And Loss A/c		Cr.
Particulars	₹	Particulars	₹
To L.I.C Premium	16,000	By gross profit	8,94,000
To Insurance Premium of plant	2,000	By Income tax refund	8,000
To Bad Debt Reserve	10,000	By Dividend	22,000
To Bad Debt	8,000	By House rent	28,000
To Salary	4,26,000	By Lottery prize	12,000
To Salary to personal servant	6,000	By Commission	16,000
To Interest on Capital	18,000	By Bad debt recovered	20,000
To Interest on Loan	16,000		
To Income Tax	14,000		
To Sales Tax	12,000		
To Dividend collection charges	2,000		
To Local tax of let out house	4,000		
To Subscription	6,000		
To Donation	10,000		
To Depreciation	24,000		
To Motor car Expenses	18,000		
To Net profit	4,08,000		
	10,00,000		10,00,000

Additional information :

- (i) 1/3 part of the use of car is personal purpose.
- (ii) Allowable depreciation 30,000; salary included 1, 26,000 of owner's salary.
- (iii) ₹ 6,000 of bad debt recovered was not allowed as bad debt in the previous year.
- (iv) Following transactions were not recorded in the above Profit & Loss A/c.

	₹
(a) Discount received	10,000
(b) Interest due on investment	6,000
(c) Advertisement	8,000
(d) Audit fee paid	12,000
(e) Household expenses	2,40,000
