

N24-120

December-2014

S.Y. M.B.A. (KS) (Integrated)

Introduction to Taxation

Time : 3 Hours]

[Max. Marks : 100

1. [A] Write a note on any **two** : **10**
- [i] Explain the meaning of Person u/s 2(31).
 - [ii] Write a short note on Appellate Income Tax authorities.
 - [iii] Write a note on CBDT
- [B] Mr. Rehman is having citizenship of Saudi Arabia and regularly visits India during last 15 years in the month of April, May and June. Calculate his residential status for AY 2014-15. Will your answer change if he visits India in May, June and July ? **10**
2. [A] Write a short note on any **two** : **10**
- (1) PPF
 - (2) Rent Free Accommodation
 - (3) Gratuity and Pension
- [B] Compute the gross salary of Mr. Ajmal for the assessment year 2014-15 on the basis of the following information : **10**
- Basic pay ₹ 8,000 per month
DA-40% of basic pay
City compensatory allowance-12% of basic pay
Medical allowance – ₹ 1,000 per month
Children educational allowance – ₹ 200 per month for three children
Hostel expenditure allowance – ₹ 500 per child per month for 2 children
Tribal area allowance – ₹ 450 per month in Bihar
Travelling allowance – ₹ 15,000 (However actual expenditure was ₹ 9,000 for official duties)
Conveyance allowance – ₹ 450 per month (The whole amount spent for official duties)
Transport allowance – ₹ 900 per month
Overtime allowance – ₹ 4000

3. [A] Answer the following :

4*3 = 12

- [i] Munir borrowed ₹ 20,00,000 @ 9% p.a. on 1/10/2008 for construction of a house property which was completed on 30/09/2013. The loan is still not repaid in full. What is the amount of deduction on account of pre-construction interest for AY 2014-15 that he can avail of ₹ _____
- [ii] A house property whose fair rent is ₹ 1,20,000 is neither let out nor self occupied throughout the previous year. Its annual value shall be how much ?
- ₹ 1,20,000
 - Nil
- [iii] Ram has a house property having Municipal Valuation of ₹ 140000 whereas the fair rent of the house is ₹ 1,60,000 and Standard Rent is ₹ 1,45,000. He paid municipal taxes of ₹ 14,000. Based on the above data, answer the following: If the annual rent = ₹ 180000 and unrealized rent = ₹ 60,000, the Net Annual Value is _____
- [iv] Gagan owns a house property in Delhi having Fair rent of ₹ 25,000 and Municipal valuation of ₹ 26,000 PA. The annual Value is ₹ 2,200 PM. Standard rent is ₹ 25,500. The house was vacant for 2 Months. Calculate the NAV if Municipal tax and interest on loan amounts to 1000 and ₹ 2000 respectively.

[B] Explain the condition “Assessee must be the owner of house property” with the exceptions of the rule.

8

OR

[B] Mr. Agrawal owns 4 house properties in Mumbai, Calculate his Net Total income under the head “House Property” from the following information.

(Amount in ₹)

Particulars	House 1	House 2	House 3	House 4
Fair Rent	25,000	50,000	75,000	1,00,000
Municipal Value	27,000	48,000	80,000	90,000
Standard Rent	24,000	49,000	82,000	95,000
Annual Rent	2,000	4,100	6,300	7,200
Municipal Tax	1,000	1,200	1,300	1,500

4. [A] Decide whether the following is admissible under the head “Profit and gain from business and profession” or not ? Explain.

8

- Sales tax
- Purchase of X ray machine by a doctor
- Profit on sales of Plant
- Salary to employee
- Bad Debt Reserve
- Bad Debt Return
- Provision for Income-tax
- Rent paid for building premises

- [B] Mr. Saravanan is a Chartered Accountant in practice in Kerala. He deposits all receipts in his bank account and pays all expenses by cheque. Following is the analysis of his bank account for the year ending on 31.03.2014.

12

Particulars		Particulars	
Balance b/f	8,000	Salary	12,000
Professional Receipt	1,20,000	Rent of Chamber	2,500
Dividend from UTI	7,000	Professional Expenses	2,000
House Rent	2,300	Telephone Expenses	1,200
Horse race Income	15,000	Misc. Office Exp.	5,000
Interest on FD	10,000	Motor Car exp.	8,000
Dividend of shares of Reliance	2,000	Purchase of car	50,000
		Adv income tax	30,000
		Donation to Delhi University	5,000
		Personal expenses	30,000
		Repairs	2,000
		Insurance of Life	10,000
		Collection charges	10,000
		Balance c/d	33,400
	197700		197700

Compute the Gross Total Income of Mr. Saravanan for AY 2014-15 after taking into account the following:

- (1) 1/4th of the motor car relate to personal use.
- (2) Car was purchased on 15.06.2013 and rate of depreciation on car is 15%
- (3) Out of total Donation, 30% amount was for business purpose.
- (4) He paid 10000 towards Professional tax in Feb 2014.

5. [A] Write a note on deduction u/s 54F of Capital Gain.

6

OR

Explain different types of securities.

[B] Mr. Mathur sold his residential building for ₹ 50 Lac on 15th July, 2013, which he had purchased in 1978 in 5 Lac. Its fair market value on 31/3/81 is 7 lacs. He had purchased another residential house for ₹ 10 Lac. Calculate his total taxable income under the head “Capital Gain” for AY 2014-15.

7

[C] From the following information, calculate the total taxable income of Mrs. Nandini under the head “Income from other sources” for AY 2014-15.

7

- | | |
|--|------------|
| (1) Dividend received from shares of Reliance Ltd. | ₹ 5,000 |
| (2) Interest received on less tax debentures of ABC Ltd.
(TDS 10.30%) | ₹ 10,764 |
| (3) Race winnings | ₹ 10,000 |
| (4) Received cash from friend on birthday. | ₹ 55,000 |
| (5) Car received from grandfather by the way of inheritance | ₹ 1,00,000 |
| (6) Family Pension Received | ₹ 50,000 |
| (7) Loss from card game | ₹ 2,000 |
-