

Duration: 2 Hours

Total Marks :60

N.B.:

1. Use of Simple Calculator is allowed.
2. All questions are relevant for assessment year 2018-19.
3. All questions are compulsory carrying 15 marks each and having internal option.
4. Working note should form part of your answer.
5. Figures to right indicate full marks allotted to that question.

Q.1) Following is the Account of Receipts and Payments of Dr. Dharam of "Mahatma Clinic" for the year ended 31st March, 2018

Receipts	Rs.	Payments	Rs.
To Balance b/d. Cash	1,500	By Salaries	44,000
To Balance b/d. Bank	3,000		
To Consulting fees	1,85,000	By Bonus	4,400
To Visit fees	14,500	By Stationery	13,600
To Gift from Patients	6,000	By Rent of Clinic (paid to Wife)	12,000
To Winning from horse races	10,000	By Electricity	11,150
To Amount received under Keyman Insurance Policy	30,000	By Car Expenses	30,000
		By Drawings	48,000
		By Donations	18,000
		By Purchase of Equipments	12,000
		By Misc. Expenses	12,000
		By Balance c/d. : Cash	2,600
		By Balance c/d. : Bank	42,250
Totals	2,50,000	Totals	2,50,000

Additional Information:

- 1) Rs.6,000/- is to be considered as a reasonable rent of the clinic.
- 2) Misc. Expenses are incurred for personal purposes.
- 3) Donations are eligible for deduction u/s.80G.
- 4) Depreciation allowable on equipments according to Income Tax Act is Rs.4,000/-.

Compute income from business or profession of Dr. Dharam for the Assessment Year 2018-19.

(15)

OR

Q.1.A) Mr. Krishna Sharma who is an Indian citizen resides in U.K. and came to India on 1st April, 2017 and again leaves India to proceed to U.K. on 25th September 2017 for the purpose of employment. He was in India for more than 365 days during the preceding previous years 2013-14 to 2016-17. What will be residential status of Mr. Sharma for the assessment year 2018-19. Give necessary justification of your answer.

(08)

Q.1B) Mr. Shyam has occupied two houses for his own residential purposes viz Shanti Niwas and Ganesh Niwas, particulars of which are as follows :

Particulars	Shanti Niwas	Ganesh Niwas
Municipal Valuation	80,000	40,000
Fair Rent	1,80,000	44,000
Municipal Taxes Paid	10%	10%
Interest on borrowed capital	10,000	2,16,000
Fire Insurance	500	300
Ground Rent	750	1,000
Land Revenue	3850	2,000

You are required to ascertain which property should be treated as self-occupied and determine taxable income for the assessment year 2018-19 of Mr. Shyam, assuming both the loans were taken prior to 1st April, 1999.

(07)

Q.2) Mrs. Lajwanti aged about 66 years is a finance manager of M/s. Lakhme & Co. Ltd. based at Calcutta. She is in continuous service since 2005 and received the following salary and perks from the company during the year ending 31.03.2018 :

- 1) Basic Salary (50,000 x 12) = Rs. 6,00,000
- 2) DA (20,000 X 12) = Rs.2,40,000
- 3) Bonus : 2 months Basic Pay
- 4) Commission 0.1% of the Turnover of the Company which was Rs.15 Crores
- 5) Contribution of the Employer and employees to PF Account Rs.3,00,000 each.
- 6) Interest credited to PF Account at 8.5% : Rs.60,000.
- 7) Rent free unfurnished accommodation provided by the company for which the company pays a rent of Rs.70,000 per annum.
- 8) Entertainment Allowances : Rs.30,000/-
- 9) Children's education allowance to meet the hostel expenditure of children : Rs.15,000 (Exempt Rs.7,200/-)
- 10) Profession Tax Paid : Rs.2,500

She makes the following payments and investments :

- 1) Premium paid to insurance the life of her major son : Rs.15,000
- 2) Medical Insurance Premium for self : Rs.22,000 and spouse Rs.5,000
- 3) Lic Pension Fund : Rs.18,000

Determine the Net Table Income of Mrs. Lajwanti for the Assessment Year 2018-19.

(15)

OR

Q.2.A) Mr. Sukumar is employed with M/s. Sagar International at Kalbadevi, Mumbai since 2008. As per the terms of contract salary become due on the last day of every month. Due to the financial crisis faced by the employer M/s. Sagar International, the salary of March 2018 to May 2018 was paid on 31st May 2018. He is entitled for salary of Rs.4000/- pm. During the year ended on 31st March 2018 he received from the employer as follows :

- 1) Net salary of Rs.39,820/- after deduction of PF contribution of Rs.3,520/- and Profession Tax of Rs.2200/-for 11 months from April 2017 to February 2018.
- 2) Bonus Rs.8,000/-
- 3) An award of appreciation of Rs.4,000/- on account of saving of the shop from fire in Diwali.
- 4) Compensation of Rs.6,000/- due to modification of terms and conditions of contract of service.

You are required to ascertain the taxable income under the head "Salaries" of Mr. Sukumar for assessment year 2018-19.

(08)

Q.2.B) Mr. Vijay Kaushik acquired residential property on 01st March, 1982 for Rs.20 Lakhs. Additional information pertaining to property was as follows:

- 1) Fair market value as on 01.04.2001 was Rs.24 Lakhs.
- 2) Cost of Improvement made by him :

Financial Year	Amount
1984-85	1,50,000
2005-06	1,20,000
2008-09	4,00,000
2010-11	3,80,000
- 3) He sold residential property on 25th January 2018 for Rs. 1 Crore 80 Lakhs
- 4) He acquired new residential house for Rs. 58 Lakhs on 19th March 2018.
- 5) He also invested Rs. 15 Lakhs in Rural Electrification Bonds on 19th March 2018.
- 6) Expenses on Transfer amounted to Rs. 75,000.

Compute Taxable Long Term Capital Gain for assessment year 2018-2019 after considering the relevant cost inflation indices (CII) as follows :

(07)

Financial Year	CII
2001-02	100
2005-06	117
2008-09	137
2010-11	167
2017-18	272

Q.3 For Assessment year 2018-19 Mr. Akash submits the following particulars :

Particulars	Amount(Rs.)
Basic Salary	3,00,000
Project Allowance	10,000
High cost of living allowance	5,000
Commission (@2% on Turnover)	50,000
Overtime	36,000
House Rent Allowance (Rent paid in Mumbai Rs.90,000)	1,00,000
Pension from a former Employer	85,600
Profits and Gains of small scale industrial undertaking	37,000
Profits from Publications of Books	1,45,000
Profit from business of dealing in Equity Shares	35,000
Dividend from British Company	25,000

Interest from British Company	2,000
Interest received on Debentures in "S" Ltd.	15,000
Mr. Akash contributes at 12% to recognized PF & employer also contribute @12%	36,000
Remuneration from other company for Visits	10,000
Life Insurance Premium paid on his life	15,000
N.S.C. Investment during the assessment year 2018-19	12,000
Mediclaime insurance premium on own life	10,000

Determine the net taxable income of Mr. Akash for Assessment Year 2018-19. (15)

OR

Q.3) Ms. Pooja is a social worker. She owns a house property at Vasai which is let out at an annual rent of Rs. 25,000/ She incurred following expenses in respect of house property :

Particulars	Amount (Rs.)
Ground Rent	600
Repairs	2,000
Insurance	400
Municipal Taxes Paid	1,000

Her other income is as follows :

- 1) Interest on Bank deposits Rs.12,500
- 2) Dividend on share of Indian Companies : Rs.500 from Glaxo Pharma Ltd. Rs. 750 from Premier Automobiles Ltd. Rs.1,500 from Jindal Agro Ltd. She paid Rs.25/- for collection charges and Rs. 2000 as interest on loan borrowed for purchase of Jindal Agro Ltd. Shares.
- 3) Dividend from Unit Trust of India Rs.47,000/-
- 4) Accrued Interest on NSC Rs.17,800/-
- 5) Dividend from foreign companies Rs.14,500/-

Compute Ms. Pooja's Gross Total Income for assessment year 2018-2019. (15)

Q.4.A) Multiple Choice Questions: (08)

1. Mumbai University is assessable under the Income Tax Act, as :
 - a. An Individual
 - b. An artificial judicial person
 - c. A local authority
 - d. None of these
2. In which year is the income tax liability computed :
 - a. Assessment Year
 - b. Previous Year
 - c. Financial Year
 - d. Calendar Year
3. The rates of income tax are laid down :
 - a. for each calendar year
 - b. for each assessment year
 - c. for each previous year
 - d. for each of head of income
4. Tax is allowed as a deduction while computing the business income :
 - a. Wealth Tax
 - b. Income Tax
 - c. Sales Tax
 - d. All of the above

5. The rate of tax applicable to a firm for A.Y.2018-19 is :
 - a. 30%
 - b. 35%
 - c. 40%
 - d. 45%
6. Standard Deduction under section 24(a) from Income from House Property is :
 - a. 1/3 of NAV
 - b. repairs actually incurred by the owner
 - c. 30% of NAV
 - d. Rs. 30,000
7. Exemption under section 54, shall be available
 - a. All assesses
 - b. Individual only
 - c. Individual and HUF
 - d. None of the above
8. Deduction under section 80CCC is allowed to the extent of :
 - a. Rs.2,00,000
 - b. Rs.1,00,000
 - c. Rs.2,50,000
 - d. Rs.1,50,000

Q.4.B. Match the Columns :

(07)

Column A – Term	Column B – Section of Income Tax Act
1) Assessment Year	a) 2(31)
2) Previous Year	b) 4
3) Person	c) 2(8)
4) Income	d) 2(9)
5) Assessment	e) 2(7)
6) Assessee	f) 2(24)
7) Charge of Income Tax	g) 3

Q.4 Short notes (any three)

(15)

- a) Salient features of the scheme of taxation of firm and partner
- b) Any Five general conditions for claiming deduction u/s. 37
- c) Five items of deductions under chapter VI A
- d) Assessee
- e) Long Term Capital Assets

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