

Total No. of Questions : 5]

**P4738**

SEAT No. :

[Total No. of Pages : 5

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**M.B.A.**

**305 FIN : DIRECT TAXATION  
(2016 Pattern) (Semester - III)**

*Time : 2½ Hours]*

*Instructions to the candidates:*

- 1) *All Questions are compulsory.*
- 2) *Each Question has an internal option.*
- 3) *Each question carries 10 marks.*
- 4) *Your answers should be specific and to the point.*
- 5) *Support your answers with suitable live examples.*

*[Max. Marks : 50*

**Q1)** a) Write any 10 example of income which do not form part of total income. **[10]**

OR

b) Explain Residential Status of an individual. **[10]**

**Q2)** a) Mr. Ajay who is general manager at ABC Pvt. Ltd. Pune, receives following salary and other benefits from his employer for the previous year 2018-19. **[10]**

- i) Basic salary Rs. 25,000 p.m.
  - ii) Dearness Allowance Rs. 2,000 p.m.
  - iii) Employer's contribution to R.P.F. @14% of salary.
  - iv) City compensatory allowance Rs. 500 p.m.
  - v) House Rent Allowance Rs. 3,000 p.m. (Rent paid by assessee for the house Rs. 2,500 p.m.)
  - vi) Travelling Allowance Rs. 2,000 p.a. and he spent Rs. 1,800 p.a. actually.
  - vii) Entertainment Allowance Rs. 1,000 p.m.
  - viii) He is supplied with free gas, water and electricity, for which the employer pays Rs. 1,000 p.m.
  - ix) Professional Tax paid Rs. 225 p.m.
- Compute taxable income from salary for the A.Y. 2019-20.

OR

**P.T.O.**

b) Mrs. A was assistant manager of M/S PQR Metal Co Ltd; during the financial year 2018-19. She got the following emoluments. **[10]**

Sl. No	Particulars
1	Basic Salary Rs. 20,000 per month
2	Dearness Allowance Rs. 1500 per month
3	Transport Allowance Rs. 2000 per month
4	Contribution to RPF was 15% of basic salary
5	Children education allowance for two children was Rs. 500 per month
6	City Compensatory allowance Rs. 300 per month
7	Hostel expenses allowance for two children was Rs. 700 per month
8	HRA Rs. 1500 per month, she stays in house at Pune by paying rent of Rs. 4500 per month
9	Tax paid on employment Rs. 2500/-

Compute the taxable salary of Mrs. A for the financial Year 2018-19.

**Q3)** a) i) Explain the concept of Capital Gain and types of Capital Gain. **[5]**

ii) Mr. Gyan Furnishes following information about his house for the previous year 2018-19. **[5]**

- 1) This house is let out for residence.
- 2) It's fair rent is Rs. 2,32,000/- and Municipal valuation is Rs. 2,35,000/-
- 3) Municipal Taxes Rs. 5,000/- are outstanding.
- 4) Annual Rent is Rs. 2,35,000/-
- 5) Interest on capital paid Rs. 1,14,000/-

Compute taxable income from House property for the A.Y. 2019-20.

OR

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- b) i) Explain the concepts long term and short term capital gain. [5]
- ii) Compute the income from house property for the financial year 2018-19 for Mr. Sujay on the basis of the following information.[5]
- 1) Municipal Valuation Rs. 100000/-
  - 2) Fair Rent Rs. 140000/-
  - 3) Standard Rent Rs. 130000/-
  - 4) Rent Received Rs. 135000/-
  - 5) Municipal Taxes Paid Rs. 30000/-
  - 6) Interest on borrowed capital Rs. 35000/-

**Q4)** a) Given below is the profit and loss account of Raj kumar for the year ending 31-3-19. [10]

Dr.		Rs. Cr	
To Salaries	40,000	By Gross profit	4,00,000
To Bad Debts	10,000	By Discount	10,000
To Provision for bad debts	15,000	By Commission	10,000
To Insurance	4,000	By Bad debts recovered	20,000
To Advertising	10,000	By Rent received	30,000
To Interest on Capital	5,000		
To Interest on loan	5,000		
To Depreciation	25,000		
To Net Profit	3,56,000		
	4,70,000		4,70,000

- i) Allowable depreciation as per IT Rules Rs.30,000
- ii) Insurance includes life insurance premium of the proprietor Rs. 2,000. Calculate income from business and profession.

OR

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- b) The following is the Profit and Loss Account of Mr. Ram for the year ending 31<sup>st</sup> Mar. 2019. [10]

Particulars	Rs.	Particulars	Rs.
To Salaries	60,000	By Gross Profit	3,20,000
To Rent and Taxes	60,000	By Commission Received	42,000
To Commission	16,000	By Other receipts	4,200
To advertisement	15,000	By Interest on fixed deposits	35,000
To Reserve for future losses	8,000	By Gift from friend	2,900
To Depreciation	20,000		
To Legal expenses on			
Income Tax Proceeding	2,000		
To Conveyance	8,400		
To Stationary Expenses	15,200		
To Bonus	16,000		
To Contribution to R.P.F.	12,500		
To Interest on capital	13,000		
To Net profit	58,000		
	4,04,100		4,04,100

Additional Information

- i) Depreciation allowable as per Income Tax Rule is Rs. 18,000.
  - ii) Rent and taxes includes Rs. 8,000 as property tax on residential house of Mr. Ram.
  - iii) Advertisement includes Rs. 12,000 as the cost of permanent sign board Fixed on the premises.
  - iv) Sundry receipts Rs. 4,000 are in respect of recovery of personal loan given to a friend of Mr. Ram.
  - v) Contribution by the employer to RPF is due no 31/03/2019 Rs. 4,000, which was deposited on 25/06/2019.
- Compute taxable income from business for the A.Y. 2019-20.

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- Q5) a) Mrs. Aruna who is a professor at 'ABC Institute of Management' at Pune, a private employee, gives following information about her yearly income for previous year 2018 - 19. [10]
- Gross salary including Basic, D.A. & HRA is Rs. 6,05,300/-.
  - Remuneration for conducting oral examinations from S.P. Pune University Rs. 4,000/-.
  - Taxable income from house property Rs. 22,800/-.
  - Interest on Govt. Securities Rs. 4,000/-.
  - Interest on deposits with Seva & Co. Rs. 2,600/-.
  - She paid tuition fees of her son studying in engineering college Rs. 60,000/- (including development fee of Rs. 10,000/-).
  - Her contribution to Recognised Provident Fund is Rs. 10,000/-.
  - She deposited in PPF account Rs. 10,000/-.
  - Mediclin insurance premium on the health of dependent mother (age 68 years) Rs. 15,500/-.
  - Professional tax Rs. 2,700/- & incometax Rs. 35,000/- are deducted from her salary.
- Compute total taxable income & tax liability for the Assessment year 2019-20.

OR

- b) Mr. Singhanian who is Senior Citizen (age 64) and who is handicapped (50% disability) of pune and employed at Namo Pvt. Ltd gives you following information for the previous year 2018-19. [10]
- Net Taxable Salary Rs. 4,37,100.
  - Loss from Self occupied house property Rs. 30,000.
  - During the year, he has received interest on government securities Rs. 18,000. (Gross) and Family pension of his wife Rs. 3,000 per month.
  - During the year, he has made investment in National Saving Certificates of Rs. 20,000 and has paid Rs. 18,000 as premium on Life Insurance of his son.
  - He also donated Rs. 24,000 to the prime Minister's National Relief Fund.
  - Income from Business as per Income Tax rules Rs. 2,00,000.
- Company has deducted TDS of Rs. 4,000 compute total taxable income and tax liability for the A.Y. 2018-19.

