

APRIL/MAY 2019

MCM41 — DIRECT TAXES

Time : Three hours

Maximum : 75 marks

SECTION A — (5 × 6 = 30 marks)

Answer ALL questions.

1. (a) Define the term 'Assessment Year' and 'Previous Year'.

Or

- (b) Define Income U/S 2 (24).

2. (a) Calculate taxable H.R.A. from the following :
- Salary Rs. 6,000 p.m. D.A. Rs. 500 p.m.
(50% included for service benefits)
Commission on sales Rs. 5,000. Bonus
Rs. 5,000. H.R.A. Rs. 400 p.m. Rent paid for
hired house Rs. 700 p.m.

Or

8. Mr. I an Indian citizen, give the following particulars of his income and expenditure of previous year 2016-17.

	Rs.
Business income	11,05,500
Winning from lottery	1,04,500
Contribution towards PPF	70,000
Donation to National Relief Fund	51,000
Donation to Govt. of India for promotion of family planning	33,000
Donation to a Public Charitable Institution	1,12,000

Determine the net income of Mr. I.

9. What is meant by advance tax? On what dates the instalment advance tax are due and what amount is to be paid on them.
10. Explain briefly various types of assessment.

- (b) Compute income from other sources from the following :

	Rs.
Director's fees	12,000
Income from agricultural land in Pakistan	80,000
Interest from post office SB A/c	1,500
Interest on fixed deposit	1,800
Winning from lotteries	50,000
Royalty from books (Expenses Rs. 4,000)	20,000
Crossword puzzle price	2,500

4. (a) Determine the total income and tax there on based on the following particulars :

	Rs.
Gross total income (including L.T.C.G.)	2,60,000
Long term capital gain	80,000
Sec. 80 D – Medidclaim insurance	6,000
Sec. 80 G – Donation 100% deductible	74,000
Deduction U/S 80 C as to savings	10,500

Or
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- (b) Calculate the firm's income under the head 'Profits and Gains of business or profession' from the data given below :

	Rs.
Net profit as per P & L a/c (after debiting the following)	20,000
Salary to Partner A	60,000
Salary to Partner B	40,000
Commission to A	20,000
Interest on capital @ 21% to A	14,000
Interest on capital @ 21% to B	7,000

The payments to partners have been made in accordance with partnership deed.

5. (a) Explain Assessment Procedure and its stages.

Or

- (b) Give a short note on Inspector of Income Tax.

SECTION B — (3 × 15 = 45 marks)

Answer any THREE questions.

6. From the gross total income of Mr. Senthil for the AY 2017-18 if he is a
- (a) Resident
- (b) Not ordinarily resident.

- (c) Non resident.

- (i) Income from business in Chennai, managed in France Rs. 50,000.
- (ii) Pension for service rendered in India, received in France Rs. 30,000.
- (iii) Profit from business in Sri Lanka, deposited in a bank there Rs. 24,000.
- (iv) Profit on sale of building in India but received in Sri Lanka Rs. 36,000.

7. Following are the receipts and payments made by Mr. Nandan, a practising Chartered Accountant during 2016-17.

Receipts :

Consultation fees Rs. 11,000; Audit fees Rs. 20,210; Appellate tribunal appearance Rs. 14,500; Presents from clients Rs. 12,000. Rent received Rs. 13,500; Interest on Govt. securities Rs. 8,000; Miscellaneous income Rs. 22,000.

Payments :

Salaries Rs. 13,050; Office rent Rs. 6,000; Office expenses Rs. 6,500; Printing and Stationery Rs. 800. Subscription to C.A. Institute Rs. 2,500; Donation to NDF Rs. 5,000; Travelling expenses Rs. 4,800. Purchase of professional books Rs. 1,200.

Compute his professional income for the AY 2017-18.

- (b) Calculate income from house property for the AY 2017–18 from the particulars given below :

Actual rent received – Rs. 4,000 p.m.

Municipal value – Rs. 50,000 p.a.

Fair rental value – Rs. 54,000 p.a.

Municipal tax 10% of municipal value.

Interest on loan borrowed for construction of house Rs. 12,000 p.a.

3. (a) Vimala sold a residential building at Jothpur for Rs. 17,00,000 on 1.7.2016. The building was acquired for Rs. 1,50,000 on 1.6.2006. She paid brokerage at 2% at the time of sale of the building. She invested Rs. 7,00,000 in purchase of a residential building and in December 2016 and deposited Rs. 2,00,000 in NHAI capital gains bond in 10.12.2016. Compute her taxable capital gain (CII 2006–07 = 519 2016–17 = 1125).

Or

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