

Total No. of Questions : 5]

P2196



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M.B.A.

SEAT No. :

[Total No. of Pages : 5

DEC-18

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

Time : 2¼ Hours]

[Max. Marks : 50

Instructions to the candidates:

- 1) *All questions are compulsory.*
- 2) *Use of simple calculator is allowed.*
- 3) *Figures to right indicate full marks.*

- Q1) a)** “A financial year has a dual role of play, it is both previous year as well as an assessment year”. Do you agree? **[5]**
- b)** Explain the concept of person under section 2(31) of the Income Tax Act, 1961. **[5]**

OR

“The incidence of income tax depends upon the residential status of an assessee”. Discuss. **[10]**

- Q2) a)** Ms. Guru an employee of Moontech Ltd. provided following information for the P.Y. 2017-18. Compute the income from salary for the A.Y. 2018-19.
- Basic pay Rs. 16,500/- P.M.
 - D.A. 40% of basic salary.
 - commission at 5% of sale Rs. 30,000/-
 - Employer's contribution to RPF Rs. 47,200/-
 - Education allowance for her own education Rs. 5000/- p.m.(Actual expenses Rs. 2,500 p.m.)
 - Entertainment allowance Rs. 400/- p.m.
 - She has been provided with a car 1800cc for personal use along with a driver. The cost of the car is Rs. 5,00,000/-. The salary of driver is Rs. 3,000/- p.m. paid by the employer. The maintenance expenses are paid by her Rs. 2,000 p.m.

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The employer provided a house at Mumbai for which rent paid by employer Rs. 3,800/- p.m. The cost of furniture provided to her is Rs. 1,30,000/-. The employer deducts Rs. 1,200/- p.m. from her salary as a rent of house provided to her and Rs. 2,500/- p.a. as Professional Tax.

[10]

OR

- b) Following are the details of Mr. Ram working as a branch manager in a company at Solapur, for the financial year 2017-18. Compute his income from salary for the Assessment year 2018-19.

[10]

- Basic pay Rs. 55,000/- p.m.
- D.A. 40% of salary (60% of which is considered for retirement benefit)
- Bonus Rs. 35,000/- p.a.
- City compensatory allowance Rs. 1,200/- p.m.
- Children education allowance Rs. 800/- p.m. (He is having 2 sons & 1 daughter)
- Entertainment allowance Rs. 1,000/- p.m.
- Transport allowance Rs. 1,000/- p.m.
- HRA Rs. 4,000/- p.m. rent paid by Mr. Ram Rs. 10,000/- p.m.
- Contribution to RPF Rs. 6,000/- p.m. by the employee and equal amount is contributed by the employer.
- He received Rs. 25,000/- by way of reimbursement of hospital bill in respect of his wife.
- Interest credited to RPF @ 12% is Rs. 72,000/-

- Q3) a) Write short notes on :-

[5]

- i) Short term capital gain
- ii) Long term capital gain

- b) From the following information compute the income from let out house property for the A.Y. 2018-19.

[5]

- Municipal valuation Rs. 3,60,000/-
- Fair Rent Rs. 3,70,000/-
- Standard Rent Rs. 2,50,000/-
- Annual Rent Rs. 4,80,000/-
- Municipal Taxes Rs. 36,000/-
- Amount spent on repairs Rs. 36,000/-
- Period of vacancy 1 month
- Interest on borrowed capital Rs. 1,80,000/-

OR

- a) Enumerate at least five items of incomes which can be included under the head income from other sources. [5]
- b) From the following information, compute the taxable income from let out house property, for the A.Y. 2018-19. [5]

- Municipal valuation Rs. 1,10,000/-
- Fair Rent Rs. 1,20,000/-
- Standard Rent Rs. 1,26,000/-
- Actual Rent Received Rs. 1,32,000/-
- Municipal Taxes (due) Rs. 18,000/-
- Repairs Rs. 6,000/-
- Insurance Rs. 3,000/-

- Q4) a) Mr. Sham is an advocate and has prepared the following income and expenditure account for the year ending 31st March 2018. [10]

Income	Amt.	Expenditure	Amt.
Fees received	7,05,000	Office expenses	1,00,000
Gift from father		Employees salary	50,000
in Law	50,500	Magazines	6,000
Dividend	80,000	Personal Expenses	1,70,000
Profit on sale		Donations to National	
of Investment	64,500	Defence Fund	5,000
Law consultancy fees	5,00,000	Interest	7,000
		Income Tax	1,33,000
		Car expenses	20,000
		Net surplus	9,09,000
	14,00,000		14,00,000

Additional information :-

- i) The car is equally used for official and personal purpose.
- ii) Rs. 10,000/- of domestic servants salary is included in employee's salary.

Compute his professional income for the A.Y. 2018-19.

OR

- b) Following is the Profit & Loss A/c of Mr. Pradeep for the year ended 31st March 2018.

[10]

Profit & Loss A/c.

Dr.

For the year ended 31-3-2018.

Cr.

Particulars	Amt.	Particulars	Amt.
To Salary	78,000	By Gross profit	2,23,000
To General expenses	12,500	By Sundry Receipts	8,400
To Advertisement	8,000	By Gift from father	25,000
To Fire Insurance	3,500	By Interest on	
To Office expenses	4,500	Bank Deposit	6,000
To Depreciation	15,800	By Bad Debts	
To Bonus	12,800	recovered(not allowed	
To Income Tax	8,600	as deduction earlier)	5,400
To Sales Tax	4,500		
To Interest on Bank			
loan	5,600		
To Donations to			
educational institute	10,500		
To Interest on			
Income Tax	3,500		
To Net Profit	1,00,000		
	2,67,800		2,67,800

Additional information :-

- Salary includes Rs. 4,200/- paid to Mr. Pradeep.
- Advertisement includes Rs. 550 as expenditure incurred for selling household furniture.
- Allowable depreciation as per income tax rules is Rs. 14,000/-
- Sales tax includes Rs. 500 as a penalty for not filling returns on time.
- General expenses include Rs. 5,850/- as a gift given to a friend on his marriage.

Compute taxable income from business for the A.Y. 2018-19 of Mr. Pradeep.

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Q5) a) Mr. Mohan has given the following particulars of his income and savings for the financial year ending 31st March, 2018. **[10]**

- i) Gross salary Rs. 2,02,000/- p.a.
- ii) Profit from business Rs. 1,00,000/- p.a.
- iii) Interest on Govt. securities Rs. 2,000/-
- iv) Dividend received from an Indian company Rs. 5,600/-
- v) Income from House property Rs. 12,000/- p.a.
- vi) He paid Rs. 6,000/- for life insurance premium, deposited in PDF A/c Rs. 20,000/-, invested Rs. 4,000/- in NSC and made term deposit for 5 years in SBI Rs. 50,000/-.
- vii) He paid Rs. 2,500/- as professional tax.

Compute the tax liability of Mr. Mohan for the A.Y. 2018-19.

OR

b) From the following information of Mr. Keshav compute his taxable income and the liability for A.Y. 2018-19. **[10]**

- i) He is in service in a company and his monthly salary is Rs. 50,000/-. He also received bonus of Rs. 82,000/- and paid professional tax Rs. 2,500/-
- ii) He has his own business and the net income of that business is Rs. 1,17,500/-.
- iii) His investments are as follows
 - Rs. 50,000/- in 10% debentures
 - Bank FD. Rs. 2,00,000 @ 12% rate of interest
- iv) During previous year he made investments as follows :
 - Contribution to RPF Rs. 13,200/-
 - LIC premium of his child policy Rs. 5,100/-
 - Contribution to ULIP Rs. 2000/-
 - NSC Rs. 4,200/-



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M.B.A.

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

Time : 2½ Hours]

[Max. Marks : 50

Instructions to the candidates:

- 1) All questions are compulsory.
- 2) Use of simple calculators are allowed.
- 3) Figures to right indicates full marks.

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

OR

b) Write a detail note on Residential status of an individual. [10]

Q2) a) Mr. Ashwin is employed in M/s ABC Ltd. Pune. He received following emoluments for the previous year 2016-17. Calculate his taxable income from salary for the assessment year 2017-18. [10]

- i) Basic salary Rs. 12,500/- p.m.
- ii) D.A. 30% of Basic Salary. (Do not form part).
- iii) City compensatory allowance Rs. 850/- p.m.
- iv) Children education allowance Rs. 300/- p.m. (He has two sons & 1 daughter studying in school).
- v) House rent allowance Rs. 1,500/- p.m.
- vi) He contributes Rs. 2,000/- p.m. to RPF to which an employer gives equal contribution p.m.
- vii) Interest @ 12% p.a. amounting to Rs. 14,400/- is received on PF accumulation during the previous year.
- viii) Received Rs. 18,000/- towards reimbursement of Hospital Bill of his wife.
- ix) He stays in a house at Pune paying a rent of Rs. 4,500/- p.m.

OR

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b) For the previous year 2016-17 Mr. Vaibhav submits following information :

[10]

- i) Basic salary Rs. 1,20,000/-
- ii) Dearness allowance Rs. 40,000/- (46% of which is part of salary for retirement benefit).
- iii) Total children education allowance for two children Rs. 7,200/-.
- iv) Employer's contribution to SPF Rs. 20,000/-.
- v) Mr. Vaibhav's contribution to SPF Rs. 20,000/-.
- vi) Interest credited to in the PF account on 30th June Rs. 93,500/-.
- vii) House Rent Allowance Rs. 4,500/- p.m.
- viii) He stays in a house at Mumbai paying rent of Rs. 7,000/- p.m.
- ix) Travelling allowance Rs. 2,000/- P.A. & He spent Rs. 1,800/- P.A.

Find out the taxable income from salary of Mr. Vaibhav for the assessment year 2017-18.

Q3) a) Mr. X submits following particulars for the previous year 2016-17. Calculate income chargeable to tax under House Property heads of income.

[5]

- i) Municipal valuation Rs. 1,80,000/-.
- ii) Fair Rental value Rs. 1,85,000/-.
- iii) Standard Rent Rs. 1,75,000/-.
- iv) Property let out at monthly rent Rs. 13,000/-.
- v) Vacancy period in the previous year is 2 months.
- vi) Rent not paid by the tenant Rs. 13,000/-.
- vii) Municipal taxes paid by the tenant Rs. 8,000/- P.A.
- viii) Interest on loan taken from employer remain unpaid Rs. 1,53,800/-.

- b) Distinguish between "Short term capital gain & Long term capital gain" with examples. [5]

OR

- a) Mr. Sanjay owned a house which is let-out for the financial year 2016-17. The details relating to the property is given below : [5]

- i) Municipal valuation Rs. 3,35,000/-.
- ii) Fair rent Rs. 3,36,000/-.
- iii) Municipal taxes Rs. 4,000/- paid by Mr. Sanjay.
- iv) Annual Rent Rs. 3,38,000/-.
- v) Land Revenue Rs. 2,500/-.

You are required to compute income from house property for the assessment year 2017-18.

- b) Enumerate any five items of incomes which can be included under the head "Income from other sources". [5]

- Q4)** a) Following is the Profit & Loss A/c. of Mrs. X for the financial year ending 31st March 2017. [10]

Dr. Profit & Loss A/c. Cr.

Particulars	Amount	Particulars	Amount
To Salary	40,000	By Gross Profit	3,57,000
To Advertisement	15,000	By Interest on F.D.	19,000
To Repairs & Insurance	32,000	By Dividend	6,000
To Depreciation	36,000	By Bad Debts recovered	15,000
To Rent & taxes	13,000	By Commission	25,000

Particulars	Amount	Particulars	Amount
To Wealth Tax	9,000	By Sundry receipts	3,000
To Sales Tax	25,000		
To Legal charges	12,500		
To R.D.D.	5,000		
To Bank cash transaction tax	8,000		
To Interest on capital	7,500		
To Bad debts	9,000		
To Net Profit	2,13,000		
Total	4,25,000	Total	4,25,000

Other information :

- Salary includes Rs. 3,000/- paid to domestic servant.
- Repairs include Rs. 3,500/- as repairing to the residential house.
- Allowable amount of depreciation as per income tax rule Rs. 32,000/-.
- Sales tax includes Rs. 3,000/- as penalty & Rs. 2,000/- as interest for late payment of sales tax charged by the sales tax authority.
- Bad debts recovered were written off in the year 2012-13 and admitted by the income tax department.

You are required to compute taxable income of Mrs. X from her business for the assessment year 2017-18.

OR

- b) Following is the Receipts & Payments account of a medical Practitioner for the year ending 31st March, 2017.

Receipts	Amount	Payments	Amount
To Bal B/d.	1,10,000	By Clinic Rent	2,20,000
To Visiting Fees	2,55,000	By Staff Salaries	1,80,000
To Consultation fees	2,75,000	By Electricity & water	9,000
To Sales of medicines	1,25,000	By Medical Books	4,000
To Sale of Old equipment at book value	8,000	By Purchase of Medicines	80,000
		By Motor car expenses	60,000
To Operation theatre rent	1,15,000	By Audit fees	20,000
To Interest & Dividend	20,000	By Staff Welfare expenses	8,000
		By Entertainment expenses	6,000
		By Surgical equipments	1,30,000
		By Bal C/d.	1,91,000
Total	9,08,000	Total	9,08,000

Additional Information :

- Depreciation as per income tax rules on motor car for professional use is Rs. 6,000/-.
- One third of motor car expenses relate to his personal use.
- The rate of depreciation on Surgical equipments is 15%. The written Down value (W.D.V.) of equipment brought forward from earlier year was Rs. 23,000/-.

Compute the taxable income from profession for the Assessment year 2017-18. [10]

- Q5) a) Mrs. Abha who is a professor at 'Focus Institute of Management' at Pune, a private employee, gives following information about her yearly income for previous year 2016-17. [10]

- i) Gross salary including Basic, D.A. & HRA is Rs. 6,05,300/-.
- ii) Remuneration for conducting oral examinations from S.P. Pune University Rs. 4,000/-.
- iii) Royalty from Book on "GST" Rs. 16,300/-.
- iv) Taxable income from house property Rs. 22,800/-.
- v) Interest on Govt. Securities Rs. 4,000/-.
- vi) Interest on deposits with Seva & Co. Rs. 2,600/-.
- vii) She paid tuition fees of her son studying in engineering college Rs. 60,000/- (including development fee of Rs. 10,000/-).
- viii) Her contribution to Recognised Provident Fund is Rs. 11,000/-.
- ix) She deposited in PPF account Rs. 10,000/-.
- x) Medici claim insurance premium on the health of dependent mother (age 68 years) Rs. 15,500/-.
- xi) Donation to approved charitable institution Rs. 5,000/-.
- xii) Professional tax Rs. 2,700/- & income tax Rs. 35,000/- are deducted from her salary.

Compute total taxable income & tax liability for the Assessment year 2017-18.

OR

- b) Mr. Sharma who is Senior Citizen (age 64) and who is handicapped (50% disability) of Pune and employed at Zenith Pvt. Ltd. gives you following information for the previous year 2016-17.
 - i) Net taxable salary Rs. 4,37,100/-.
 - ii) Loss on self occupied house property Rs. 30,000/-.
 - iii) 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.

- iv) During the year, he has made investment in National Saving Certificate of Rs. 20,000/- and has paid Rs. 18,000/- as premium on life insurance of his son.
- v) He also donated Rs. 24,000/- to the Prime Minister's National Relief Fund.
- vi) Income from Business as per Income Tax rules Rs. 2,00,000/-.
- vii) Company has deducted TDS of Rs. 4,000/- compute total taxable income and tax liability for the Assessment year 2017-18.

[10]



Total No. of Questions : 5]

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SEAT No. : []

[Total No. of Pages : 7

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Dec 17

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

Time : 2 ¼ Hours]

[Max. Marks :50

Instructions to the candidates:

- 1) *All questions are compulsory.*
- 2) *Use of simple calculator is allowed.*
- 3) *Figures to right indicate full marks.*

Q1) a) Define and explain following Terms :-

[10]

- i) Person
- ii) Assessment year and previous year.
- iii) Assessee
- iv) Direct Tax and Indirect Tax.

OR

b) Explain the concept 'Residential Status' and Discuss how residential status of an individual assessee is decided.

[10]

Q2) a) Mr. GST is employed in a universal Pvt. Company at Mumbai. He gives following information about his salary for the previous year 2016-17. [10]

- i) Basic salary - Rs. 15,000 p.m.
- ii) Dearness Allowance - Rs. 6,000 p.m. (out of which Rs. 2,000 p.m. is forming part of retirement benefits).
- iii) Bonus for the year = Rs. 40,000.

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- iv) Advance salary for April 2017 which is drawn in March 2017 = Rs. 15,000.
- v) Interest on R.P.F. at 13% = Rs. 39,000.
- vi) Employer's contribution to R.P.F. is 15% of salary.
- vii) He is provided with furnished accommodation at Mumbai which is owned by employer.

The fair rental value of accommodation is Rs. 10,000 p.m.

Cost of furniture is Rs. 50,000 and rent paid for accommodation by Mr. GST is Rs. 2,000 pm.

- viii) Hospital bill reimbursed by the employer Rs. 32,000.
- ix) He has been provided with 1800CC car for both official and private purpose. The entire expenses of Rs. 45,000 on running and maintenance of car are met by employer, and employer is owner of the car.
- x) Professional Tax paid = Rs. 2,500 p.a. Compute taxable income from salary for the A.Y. 2017-18.

OR

- b) Mr. Chintamani who is general manager at Bharat - India Pvt. Ltd. Pune, receives following salary and other benefits from his employer for the previous year 2016-17. [10]

- i) Basic salary Rs. 15,000 p.m.
- ii) Dearness Allowance Rs. 2,000 p.m.
(Do not form part of retirement benefit)
- iii) Employer's contribution to R.P.F. @ 14% of salary.
- iv) City compensatory allowance Rs. 100 p.m.
- v) House Rent Allowance = Rs. 1,000 p.m.

(Rent paid by assessee for the house Rs. 1500 p.m.)

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- vi) Travelling Allowance Rs. 2,000 p.a. and he spent Rs. 1800 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. 2017-18.

Q3) a) Mr. Sam owns a house which is let out. He has given following information for the previous year 2016-17. [5]

- i) It's Municipal Valuation is Rs. 60,000 and has been let out at a rent of Rs. 6,000 p.m.
- ii) For this house, he pays municipal taxes Rs. 6,000.
- iii) The house remained vacant for 2 months.
- iv) Rs. 20,000 could not be recovered from the defaulting tenant during this year.

Compute taxable income from house property for the A.Y. 2017-18.

b) Explain the concepts long term and short term capital gain. [5]

OR

a) Mr. Gyan Furnishes following information about his house for the previous year 2016-17 [5]

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

Compute taxable income from House property for the A.Y. 2017-18.

b) Give a note on 'Income from other sources' along with examples. [5]

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Q4) The following is the Profit and Loss Account of Mr. Abhinav for the year ending 31st Mar.2017.

[10]

Particulars	Rs.	Particulars	Rs.
To Salaries	1,60,000	By Gross Profit	4,20,000
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 Stationery Expenses	15,200		
To Bonus	16,000		
To Contribution to R.P.F.	12,500		
To Interest on capital	13,000		
To Net profit	1,58,000		
	5,04,100		5,04,100

Additional Information

- Depreciation allowable as per Income Tax Rule is Rs. 18,000.
- Rent and taxes includes Rs. 8,000 as property tax on residential house of Mr. Abhinav.

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- c) Advertisement includes Rs. 12,000 as the cost of permanent sign board Fixed on the premises.
- d) Sundry receipts Rs. 4,000 are in respect of recovery of personal loan given to a friend of Mr. Abhinav.
- e) Contribution by the employer to RPF is due on 31/03/2017 Rs. 4,000, which was deposited on 25/06/2017.

Compute taxable income from business for the A.Y. 2017 - 18.

OR

Following is the receipts and payments account of medical practitioner for the year ending 31st March 2017.

[10]

Receipts	Rs.	Payments	Rs.
To Balance b/d	1,10,000	By Clinic Rent	2,20,000
To Visiting Fees	2,55,000	By Staff Salaries	1,80,000
To Consultation Fees	2,75,000	By Electricity and Water	9,000
To Sales of Medicines	1,25,000	By Medical Books	4,000
To Sale of old equipment at Book Value	8,000	By Purchase of Medicines	80,000
To Operation Theatre Rent	1,15,000	By Motor car expenses	60,000
To Interest and Dividend	20,000	By Audit Fees	20,000
		By Staff welfare expenses	8,000
		By Entertainment Expenses	6,000
		By Surgical equipments	1,30,000
		By Bal c/d	1,91,000
	9,08,000		9,08,000

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Additional Information:

- a) Depreciation as per Income Tax rules on Motor car for professional use is Rs. 6,000.
- b) One - Third of Motor car expenses relate to his personal use.
- c) The rate of Depreciation on Surgical equipment is 15%. The Written Down Value (WDV) of equipment brought forward from earlier year was Rs. 28,000.

Compute the taxable income from profession for the A.Y. 2017-18.

Q5) a) Mrs. Dasgupta who is professor at 'Vision Institute of Management' at Pune, a private employee, gives following information about her yearly income (Previous year 2016-17). [10]

- i) Gross salary including Basic, DA and HRA is Rs. 6,05,300.
- ii) Remuneration for conducting oral examinations from S.P. Pune University Rs. 4,000.
- iii) Royalty from Book on 'GST' Rs. 16,300.
- iv) Taxable income from House Property Rs. 22,800.
- v) Interest on government securities Rs. 4,000.
- vi) Interest on deposits with Amol and Co. Rs. 2,600.
- vii) She paid tuition fees of her son studying in engineering college. Rs. 60,000 (including development fee of Rs. 10,000).
- viii) Her contribution to Recognised provident fund is Rs. 11,000.
- ix) She deposited in PPF account Rs. 10,000.
- x) Mediclaim insurance premium on the health of dependent mother (age 68 years) Rs 15,500.

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- xi) Donation to approved charitable institution Rs. 5,000.
- xii) Professional Tax Rs. 2,700 and income tax Rs. 35,000 are deducted from her salary.

Compute total taxable income and tax liability for the A.Y. 2017-18.

OR

- b) Mr. Singhania 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 2016-17. [10]

- i) Net Taxable Salary Rs. 4,37,100.
- ii) Loss from Self occupied house property Rs. 30,000.
- iii) 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.
- iv) 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.
- v) He also donated Rs. 24,000 to the prime Minister's National Relief Fund.
- vi) Income from Business as per Income Tax rules Rs. 2,00,000.
- vii) Company has deducted TDS of Rs. 4,000 compute total taxable income and tax liability for the A.Y. 2017-18.
