



Sanjay Ghodawat University, Kolhapur

Established as State Private University under Govt. of Maharashtra. Act No XL, 2017

2018-19

EXM/P/09/01

Year and Program: 2018-19

School of Commerce & management

Department of MBA

Course Code: MMC615

Course Title: Contemporary issues in Taxation- I

Semester - III

Day and Date Friday

End Semester Examination (ESE)

Time: 3 Hrs.

07/06/2019

Max Marks: 100

10:30 am to 1:30 pm

Instructions:

- 1) All questions are compulsory.
- 2) Assume suitable data wherever necessary.
- 3) Figures to the right indicate full marks.

Q1.

(a) Compute the total income in the hands of an individual being a resident & ordinarily resident, resident but non-resident for the A.Y 2018-19.

Marks-20

Particulars	Amount
Interest on UK Development Bonds, 50% of interest received in india	10,000
Income from a business in Chennai (50% is received in india)	20,000
Profits on sale of shares of an indian company received in London	20,000
Dividend from British company received in London	5,000
Profits on sale of plant at Germany 50% of profit are received in india	40,000
Income earned from Business in Germany which is controlled from Delhi (Rs. 40,000 is received in India)	70,000
Profit from a business in Delhi but managed entirely from London	15,000
Income from house property in London deposited in a Indian Bank at London, brought to India (computed)	50,000
Interest on Debentures in an Indian company received in London	12,000
Fees for technical services rendered in India but received in London	8,000
Profits from a business in Bombay managed from London	26,000
Pension for services rendered in India but received in Burma	4,000
Income from property situated in Pakistan received there	16,000
Past foreign untaxed Income brought to India during the previous year	5,000
Income from agricultural land in Nepal received there and then brought to India	18,000

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Income from profession in Kenya which was set up in India , received there but spent in India	5,000
Gift received on the occasion of his wedding	20,000
Interest on Savings Bank Deposit in State Bank of India	12,000
Income from a Business in Russia, controlled from Russia	20,000
Dividend from Reliance Petroleum Limited, an Indian company	5,000
Agricultural income from a land in Rajasthan	15,000

OR

(b)Ms. Purvi, aged 55 years, is a Chartered Accountant in practice. She maintains her account on cash basis. Her Income and Expenditure account for the year ended March 31, 2018 reads as follows:

Marks-20

Expenditure	₹	Income	₹	₹
Salary to staff	15,50,000	Fees earned:		
Stipend to articled assistants	1,37,000	Audit	27,88,000	
Incentive to articled assistants	13,000	Taxation services	15,40,300	
Office rent	12,24,000	Consultancy	12,70,000	55,98,300
Printing and stationery	12,22,000	Dividend on shares on Indian companies (Gross)		10,524
Meeting, seminar and Conference	31,600	Income from UTI		7,600
Purchase of car	80,000	Honorarium received from various institutions for valuation of answer papers		15,800
Repair, maintenance and petrol of car	4,000	Rent received from residential flat let out		85,600
Travelling expenses	5,25,000			
Municipal tax paid in respect of house property	3,000			
Net profit	9,28,224			
	57,17,824			57,17,824

Other Information:

- I. Allowable rate of depreciation on motor car is 15%.
- II. Value of benefits received from clients during the course of profession is ₹10,500.
- III. Incentives to articled assistants represent amount paid to two articled assistants for passing IPCC Examination at first attempt.
- IV. Repairs and maintenance of car include ₹2,000 for the period from 1/10/2017 to 30/09/2018.

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- V. Salary includes ₹30,000 to a computer specialist in cash for assisting Mr. Purvi in one professional assignment.
- VI. The travelling expenses include expenditure incurred on foreign tour of ₹32,000 which was within the RBI norms.
- VII. Medical Insurance Premium on the health of dependent brother and major son dependent on her amount to ₹5,000 and ₹10,000, respectively, paid in cash.
- VIII. She invested an amount to ₹10,000 in National Saving Certificate.

Compute the total income and tax payable of Ms. Purvi for the assessment year 2018-19.

Q2.(a) Smt. Rajalakshmi owns a house property at Adyar in Chennai. The municipal value of the property is ₹5,00,000, fair rent is ₹ 4,20,000 and standard rent is ₹4,80,000. The property was let-out for ₹50,000 p.m. up to December 2017. Thereafter, the tenant vacated the property and Smt. Rajalakshmi used the house for self-occupation. Rent for the months of November and December 2017 could not be realized in spite of the owner's efforts. All the conditions prescribed under Rule 4 are satisfied. She paid municipal taxes @12% during the year. She had paid interest of ₹25,000 during the year for amount borrowed for repairs for the house property. Compute her income from house property for the A. Y. 2018-19

Marks-15

OR

Q2(b). The gross total income of Mr. X for the A. Y 2018-19 is Rs 5,00,000. He has made the following investments/payments during the F. Y 2017-18

Marks-15	
Particulars	
(1) Contribution to PPF	1,10,000
(2) Payment of tuition fees to Apeejay School New Delhi, for education of his son studying in Class XI	45,000
(3) Repayment of housing loan taken from Standard Chartered Bank	25,000
(4) Contribution to approved pension fund of LIC	1,05,000

Compute the eligible deduction under Chapter VI-A for the A. Y. 2018-19.

Q3(a) Ms. Usha purchases 1,000 equity shares in X LTD, at a cost of rps 30 per share (brokerage 1%) in January 1996. She gets 100 bonus shares in August 2000. She again gets 1100 bonus shares by virtue of her holding on February 2006. Fair market value of the shares of X ltd on april 1, 2001 is rps 80. In January 2018, she transfers all her shares @rps 200 per share (brokerage 2%).

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Compute the capital gains taxable in the hands of Ms. Usha for the A.Y 2018-19
 Cost inflation index for F.Y 2001- 02:100, F.Y 2005-06; 117 & F.Y. 2017-18;272
Marks-15

OR

3(b) Mr. x, a resident, has provided the following particulars of his income for the P.Y.2017-18.
Marks-15

Particulars	Amount
Income from salary (computed)	Rs 1.80.000
Income from house property (computed)	Rs2,00,000
Agricultural income from a land in Jaipur	Rs2,80,000
Expenses incurred for earning agricultural income	Rs1,70,000

Compute his tax liability assuming his age is-

- 45 years
- 70years

Q4 Solve Any one from the following

Marks-15

A) Mr. X, set up a manufacturing unit in Warangal in the state of Telangana on 01.06.2017. It invested 30 crore in new plant and machinery on 1.6.2017. Further, it invested 2.25 crore in the plant and machinery on 01.11.2017. out of which 5 crore was second and machinery. Compute the depreciation allowable under section 32, Is Mr. X entitled for any other benefit in respect of such investment? If so, what is the benefit available?

B) Mr. B is an employee of Y ltd and has substantial interest in the company. His salary is rps 20,000 p.m, Mrs. B is also working in Y ltd at a salary of rps 12,000 p.m. without any qualifications, Mr. B also receives rps 30,000 as interest on securities. Mrs B owns a house property which she has let out. Rent received from tenants is rps 6000 p.m. compute the gross total income of Mr .B and Mrs. B for the A.Y 2018-19.

Q5.Solve any one from the following

Marks-15

A). Mr. Venus provides the following details for the previous year ending 31-3-2018.

- | | |
|---|-----------------------|
| (i) Salary from HNL Ltd. | Rs.50,000per month |
| (ii) Interest from FD with SBI for the financial year 2017-18 | Rs.72,000(net of TDS) |
| (iii) Brought forward long term capital loss of AY 2015-16 | Rs. 96,000 |
| (iv) Long term capital gain | Rs.75,000 |

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(v) Loss of minor son Rs.90,000 computed in accordance with the provision of the income tax Act 1961. Mr. Venus transferred his own house to his minor son without adequate consideration few years back and minor son let it out and suffered loss.

(vi) Loss of his wife's business

Rs. (2,00,000)

She carried business with funds which Mr. Venus gifted to her.

You are required to compute taxable income of Mr. Venus for the AY 2018-19.

B) Mr. Gurnam, aged 42 years, has salary income (computed) of rps. 5,50,000 for the previous year ended 31.03.2018. He has earned interest of rps. 14,500 on the saving bank account with State Bank of India during the year. Compute the total income of Mr. Gurnam for the assessment year 2018-19 from the following particulars:

- (i) Life Insurance premium paid to Birla Sunlife Insurance in cash amounting to rps. 25,000 for insurance of life of his dependent parents. The insurance policy was taken on 15.07.2014 and the sum assured on life of his dependent parents is rps. 1,25,000.
- (ii) Life insurance premium of rps. 25,000 paid for the insurance of life of his major son who is not dependent on him. The sum assured on life of his son is rps. 1,75,000 and the life insurance policy was taken on 30.3.12.
- (iii) Life insurance premium paid by cheque of rps. 22,500 for insurance of his life. The insurance policy was taken on 08.09.2014 and the sum assured is rps. 2,00,000.
- (iv) Premium of rps. 22,000 paid by cheque for health insurance of self and his wife.
- (v) Rps. 1,500 paid in cash for his health check-up and rps. 4,500 paid in cheque for health check-up for his parents, who are senior citizens.
- (vi) Paid interest of rps. 6,500 on loan taken from bank for MBA course pursued by his daughter.

A sum interest of rps. 15,000 donated in cash to an institution approved for purpose of section 80C for promoting family planning.

Q6. Solve any two from the following

Marks-20

(A) Mr. Shiva aged 61 years, has gross total income of Rs 7,75,000 comprising of income from salary and house property. He has made the following payments and investments:

1. Premium paid to insure the life of her major daughter (policy taken on 1.4.2014)
(Assured value Rs 1,80,000) - Rs 20,000.
2. Medical insurance premium for self - Rs 12,000, spouse - Rs 14,000.
3. Donation to a public charitable institution registered under 80G Rs 1,50,000 by way of cheque.
4. LIC pension fund - Rs 60,000.
5. Donation to National children's fund - Rs 25,000 by way of cheque.
6. Donation to Jawaharlal Nehru mem

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7. Donation to approved institution for promotion of family planning - Rs 40,000 by way of cheque. Compute the total income of Mr. Shiva for A.Y.2018-19

(B) Mr. B has taken three education loans on April 1, 2017, the details of which are given below:

	Loan 1	Loan 2	Loan 3
For whose education loan was taken	B	Son of B	Daughter of B
Purpose Of loan	MBA	B.Sc.	B.A.
Amount of loan (Rs)	5,00,000	2,00,000	4,00,000
Amount repayment of loan (Rs)	1,00,000	40,000	80,000
Amount repayment of interest (Rs)	20,000	10,000	18,000

Compute the amount deductible under section 80E for the A.Y.2018-19

(C) Examine under which heads the following incomes are taxable:

- i. Rental income in case property held as stock-in-trade for 3 years.
- ii. Dividend on share in case of a dealer in shares.
- iii. Salary received by partner from his partnership firm.
- iv. Rental income of machinery.
- v. Winnings from lotteries by a person having the same as business activity.
- vi. Salaries payable to a Member of Parliament.
- vii. Receipts without consideration.
- viii. In case of retirement, interest on employee's contribution if provident fund is unrecognized.
- ix. Rental income in case of a person engaged in business of letting out of properties.

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