

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 7

NOTE : All references to sections mentioned in Part-A of the Question Paper relate to the Income-tax Act, 1961 and the relevant Assessment Year 2009-10 unless stated otherwise.

P A R T – A

(Answer Question No.1 which is compulsory and any three of the rest from this part.)

1. (a) "For the purpose of making an assessment, the income of the previous year alone should be taxed in the immediately following assessment year." State the exceptions to this rule.

(3 marks)
 - (b) How is exempted amount calculated out of commuted value of pension received by an employee ?

(3 marks)
 - (c) Briefly explain the provisions relating to interest for delayed payment of instalments of advance tax under income-tax law.

(3 marks)
 - (d) Write a short note on valuation of jewellery under the Wealth-tax Act, 1957.

(3 marks)
 - (e) "Voluntary contributions received by a charitable trust are exempt from tax." Explain.

(3 marks)
2. (a) Harsh is a purchase officer in Bright Ltd. at Delhi. He furnishes the following particulars of his remuneration for the previous year 2008-09 :

	Rs. Per Month
Basic pay	22,000
Dearness allowance (60% of which forms part of salary for retirement benefits)	5,000
Education allowance (for 4 children)	1,800
Medical allowance	2,250

He was entitled to house rent allowance of Rs.10,000 per month from 1st April, 2008 to 31st July, 2008. He was paying rent Rs.11,500 per month. From 1st August, 2008, the company provided him a rent-free accommodation in Delhi. The company took the same house at same rent and provided to Harsh for Rs.3,000 per month. One refrigerator and one television which have been taken on rent by company have also been provided to him along with accommodation. The hire charges of each of these are Rs.150 per month.

Calculate Harsh's income from salary for the assessment year 2009-10.

(6 marks)

- (b) Discuss the provisions of the Income-tax Act, 1961 relating to set-off of losses of speculation business.

(4 marks)

- (c) Explain the process of computation of income of a firm.

(5 marks)

3. (a) Choose the most appropriate answer from the given options in respect of following having regard to the provisions of the relevant direct tax laws :

(i) Bijay is a dealer in shares. He pays securities transaction tax (STT) of Rs.30,000 during the previous year 2008-09. In respect of such STT paid, he would be entitled to –

- (a) Rebate under section 88E
- (b) Deduction under section 36
- (c) Both rebate under section 88E and deduction under section 36
- (d) Exemption of income under section 10(38).

(ii) John's gross total income for the previous year 2008-09 consists of Rs.4 lakh as taxable long-term capital gains and Rs.3 lakh as taxable short term capital gains under section 111A from the sale of shares. He invested Rs.70,000 in public provident fund (PPF) and Rs.50,000 in national saving certificates (NSC). The deduction under section 80C for assessment year 2009-10 is –

- (a) Rs.1,20,000
- (b) Rs.1,00,000
- (c) Rs.70,000
- (d) Rs. Nil.

(iii) Captain Lahiri belonging to Indian military died in war. His wife received a family pension of Rs.10,000 per month during the financial year 2008-09. The amount of family pension is –

- (a) Taxable Rs.1,20,000 – deduction of $1/3^{\text{rd}}$ = Rs.80,000
- (b) Taxable Rs.1,20,000 – Rs.15,000 = Rs.1,05,000
- (c) Fully taxable
- (d) Fully exempt under section 10(19).

- (iv) Income from agricultural land situated outside India is taxable under the head --
- (a) Income from other sources
 - (b) Income from business
 - (c) Agricultural income, hence exempt from tax
 - (d) None of the above.
- (v) A land situated within 8 kms. from the local limits of a notified municipality is --
- (a) Exempt from capital gain tax
 - (b) Not a capital asset
 - (c) Not an asset
 - (d) A capital asset.
- (vi) The accounts of the trust for the previous year should be audited, if the total income of the trust exceeds --
- (a) Rs.1,10,000
 - (b) Rs.1,50,000
 - (c) Rs.1,15,000
 - (d) Rs.1,20,000.
- (vii) Resident individuals who attained 65 years of age at anytime during the previous year are eligible for basic exemption limit of --
- (a) Rs.1,95,000
 - (b) Rs.2,25,000
 - (c) Rs.2,05,000
 - (d) Rs.2,15,000.
- (viii) If a person holds Rs.20 lakh cash with him on 31st March, how much amount of cash will be included in net wealth computation --
- (a) Rs.20,00,000
 - (b) Rs.50,000
 - (c) Rs.19,50,000
 - (d) Rs.15,00,000.

(1 mark each)

- (b) "Deduction under section 80-IB is allowable to a new undertaking and not to a new assessee." Discuss.

(4 marks)

- (c) What is the due date for payment of tax deducted at source (TDS) ?

(3 marks)

4. (a) State, with reasons in brief, whether the following statements are correct or incorrect having regard to the provisions of relevant direct tax laws :
- (i) Marginal relief is available in case of firms having total income exceeding Rs.10 lakh.
 - (ii) Weighted deduction of 140% is available under section 35(1) in respect of contribution made to an Indian company for scientific research.
 - (iii) Section 44AF applies even where an assessee partly sells the goods on wholesale basis and partly on retail basis.
 - (iv) Loss cannot be clubbed in the same manner as income.
 - (v) Transfer of archaeological collections and the consequent gain will be taxable as business income.
- (2 marks each)*
- (b) What are the provisions regarding taxation of non-residents on account of income from bonds or Global Depository Receipts purchased in foreign currency and capital gains arising from their transfer ?
- (5 marks)*
5. (a) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :
- (i) An individual has paid Rs.32,000 during the previous year including Rs.17,000 as interest for repayment of a loan taken by him for his higher education from a financial institution. The eligible deduction under section 80E would be Rs._____.
 - (ii) Under section 194C, individuals and HUFs who are covered under section 44AB(a) and (b), i.e., whose gross turnover of the business exceeds Rs._____ or receipts from the profession exceeds Rs._____ during the financial year immediately preceding financial year in which sum is credited or paid to the account of a resident contractor, are required to deduct tax at source.
 - (iii) The maximum amount of gratuity exempt in the hands of an employee who is seeking retirement shall be Rs. _____.
 - (iv) A belated return may be filed at any time before the expiry of _____ from the end of the relevant assessment year or before the assessment is complete, whichever is earlier.
 - (v) The exemption under section 10(10D) is not available in respect of maturity of LIC policy where the premium on such policy for any year exceeds _____ of the capital sum assured.

(1 mark each)

- (b) Kashika is engaged in jewellery business. From the following particulars, compute the net wealth and wealth-tax liability of Kashika as on 31st March, 2009 :

	Rs.
Godown	4,50,000
Show rooms	23,00,000
Bank balance	10,20,000
Unaccounted cash balance	5,50,000
Silver ware	84,00,000
Ship	20,00,000
Gold ornaments	90,00,000
Motor car	15,00,000
Guest house in London	6,00,000

Kashika has taken a loan of Rs.6,00,000 by mortgaging guest house and built the show rooms.

(5 marks)

- (c) Under what circumstances may the Commissioner of Income-tax reduce the penalty imposable on a defaulter ? Give suitable example.

(5 marks)

P A R T – B

(Answer ANY TWO questions from this part.)

6. (a) During the year 2008-09, the gross sales including central sales tax (CST) of Vikas Traders are Rs.36,80,000. Compute the taxable turnover of Vikas Traders under the Central Sales Tax Act, 1956 from the following information :
- (i) Sales of exempted goods : Rs.9,00,000.
 - (ii) Export from India : Rs.7,00,000.
 - (iii) Sales within the State : Rs.9,00,000.
 - (iv) Inter-State sales to traders against Form-C : Rs.6,00,000.
 - (v) Out of sales in item No. (iv) above, sales return within 6 months : Rs.25,000.
 - (vi) Subsequent sales during inter-State trade to registered dealers : Rs.2,50,000
 - (vii) On other inter-State sales the rate of tax is 10%.
- Assume that the rate of CST against Form-C is 2%.

(7 marks)

- (b) What are the provisions of the Customs Act, 1962 with regard to remission of duty on lost, destroyed or abandoned goods ?
(5 marks)
- (c) Briefly explain 'compounded levy scheme' under central excise law.
(5 marks)
- (d) When may the despatch of goods from one State to another not amount to inter-State sale for the purpose of levy of central sales tax ?
(3 marks)
7. (a) A company manufactured 3,000 fans. It gets an order for 1,500 fans. For that order, the following items are charged by the company :
- (i) Price per fan (*ex-duty*) : Rs.1,000
 - (ii) Packing charges per fan : Rs.75
 - (iii) Trade discount : Rs.10,000
 - (iv) Outward freight : Rs.15,000
 - (v) Bank charges for recovery of sales price : Rs.1,000
 - (vi) Special discount @10% on Rs.1,000 per fan, if buyer is ready to pay Rs.2,00,000 as an advance. Buyer had paid Rs.2,00,000 in advance.
- Calculate assessable value and excise duty payable, if rate of excise duty including education and secondary and higher education cess is 8.24%.
(7 marks)
- (b) State the provisions regarding rates of duty and tariff valuation in respect of goods imported or exported by post under the Customs Act, 1962.
(7 marks)
- (c) Briefly explain the provisions governing appeals under the Central Sales Tax Act, 1956.
(6 marks)
8. (a) How is customs duty levied where imported goods are pilfered before clearance ?
(5 marks)
- (b) Explain the provisions of section 5A of the Central Excise Act, 1944 regarding the power of the government to reduce the rates of duty.
(5 marks)

- (c) An assessee manufactures Product-Z -- a specified product under section 4A of the Central Excise Act, 1944. The sale price of Product-Z is Rs.60 per unit. The sale price includes 14% basic excise duty plus 2% education cess plus 1% secondary and higher education cess; central sales tax @ 2% is also included in selling price. 2,00,000 units of Product-Z were removed from the factory for sale. You are required to calculate --
- (i) the total excise duty liability of assessee. (4 marks)
 - (ii) the assessable value of the Product-Z if 40% abatement is permissible under section 4A. (2 marks)
- (d) Explain the term 'sale price' under the Central Sales Tax Act, 1956. (4 marks)

-- o --