

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 6

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 2008-09 unless stated otherwise.

PART—A

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

1. Attempt **any five** of the following :

- (i) Is it compulsory to file a claim for refund ? Discuss.
- (ii) "Income earned by a mutual concern from mutual activities is not taxable." Comment.
- (iii) Write a short note on 'signatory to return of income filed by an individual and partnership firm'.
- (iv) What are 'intangible assets' ? Give examples.
- (v) "Loss can be carried forward only by the person, who has incurred the loss." Discuss.
- (vi) Write a short note on 'valuation date' under the Wealth-tax Act, 1957.

(3 marks each)

2. (a) The net profits of Jolly Brothers, a partnership firm, consisting of three partners carrying on business for the accounting year ended 31st March, 2008 was Rs.5,40,000. The said net profits after charging salary payable to all the partners were amounting to Rs.1,08,000, but before crediting interest to partners' accounts on their fixed capitals amounting to Rs.10 lakh totally. The partnership deed provided for payment of interest on fixed capital at 18% per annum.

The partnership deed does not, however, specify any salary entitlement to partners. On this information, you are required to —

- (i) compute the taxable income of the firm; and
- (ii) calculate the remuneration allowable under provisions of the Income-tax Act, 1961 to all the partners, if the partnership deed had provided for the payment of remuneration to them.

(5 marks)

- (b) How would you deal with 'arrears of rent received' under the Income-tax Act, 1961 ?
(5 marks)
- (c) Comment on special provision for computation of capital gains in real estate transactions.
(5 marks)
3. (a) Choose the most appropriate answer from the given options in respect of the following :
- (i) Rs.1 lakh is the maximum qualifying limit for deduction under :
- (a) Section 80C alone
 - (b) Sections 80C and 80CCC
 - (c) Sections 80C, 80CCC and 80CCD
 - (d) Section 88.
- (ii) The registration of a charitable trust can be cancelled under section 12AA by the :
- (a) Assessing officer
 - (b) Commissioner of Income-tax
 - (c) Chief Commissioner of Income-tax
 - (d) Central Board of Direct Taxes.
- (iii) An individual is said to be resident in India in a previous year (in which the February month has 29 days) if he is in India in that year for a period or periods amounting in all to :
- (a) 182 Days or more
 - (b) 183 Days or more
 - (c) 60 Days or more
 - (d) 150 Days or more.
- (iv) Validity period of order of stay passed by the Appellate Tribunal is :
- (a) 180 Days
 - (b) One year
 - (c) Till final order is passed by the Appellate Tribunal
 - (d) Three years.
- (v) Quoting 'permanent account number' (PAN) is compulsory in the following transaction :
- (a) Deposit exceeding Rs.50,000 in post office saving bank
 - (b) Sale or purchase of any immovable property valued at Rs.4 lakh
 - (c) Time deposit upto Rs.35,000 with a bank
 - (d) None of the above.

- (vi) X sold his shares on 12th February, 2008 which he bought on 21st April, 2007, the capital gain tax rate would be :
- (a) 10%
 - (b) 20%
 - (c) 15%
 - (d) None of the above.
- (vii) The time-limit for filing an appeal before the Appellate Tribunal on receipt of an appeal order from the Commissioner is :
- (a) 30 Days
 - (b) 60 Days
 - (c) 90 Days
 - (d) 180 Days.
- (viii) The basic exemption limit in case of a non-resident individual being a senior citizen is :
- (a) Rs.1,00,000
 - (b) Rs.1,10,000
 - (c) Rs.1,20,000
 - (d) Rs.1,30,000.
- (ix) The time-limit for payment of dividend distribution tax under section 115-O(2), from the date of declaration, distribution or payment of dividend (whichever is earliest) is :
- (a) 14 Days
 - (b) 21 Days
 - (c) 29 Days
 - (d) 30 Days.
- (x) Gift of Rs.4,00,000 received on 10th July, 2007 through account payee cheque from a non-resident regularly assessed to income-tax is :
- (a) A capital receipt not chargeable to tax
 - (b) Chargeable to tax as income from other sources
 - (c) Chargeable to tax as business income
 - (d) Exempt upto Rs.25,000 and balance chargeable to tax as income from other sources.

(1 mark each)

- (b) Mrs. Padma (age : 25 years) is offered an employment by Pritam Ltd. at a basic salary of Rs.24,000 per month; other allowances according to rules of the company are — Dearness allowance : 18% of basic pay (not forming part of salary for calculating retirement benefits); Bonus : 1 month basic pay; and Project allowance : 6% of basic pay.

The company gives Mrs. Padma an option either to take a rent-free unfurnished accommodation at Mumbai for which the company would directly bear the rent of Rs.15,000 per month or to accept a house rent allowance of Rs.15,000 per month and find out her own accommodation. If Mrs. Padma opts for house rent allowance, she will have to pay Rs.15,000 per month for an unfurnished house.

Which one of the two options should be opted by Mrs. Padma in order to minimise her tax liability ?

(5 marks)

4. (a) Re-write the following sentences after filling-up the blank spaces with appropriate word(s)/figure(s) having regard to the provisions of the Income-tax Act, 1961 :
- (i) For the purpose of full-time education, only tuition fee of Rs._____ per child upto 2 children is allowed as deduction under section 80C.
 - (ii) A company other than an Indian company would be a resident in India for the previous year 2007-08, if during that year its _____ is situated wholly in India.
 - (iii) Asha Ltd. gives a gift worth Rs.7,500 to its employee, Akanksha, on her birthday. The taxable value of the gift in the hands of Akanksha is _____.
 - (iv) Megha received Rs.30,000 as arrears of rent during the previous year 2007-08. The amount taxable under section 25B would be _____.
 - (v) The maximum period for which business loss can be carried forward is _____.

(1 mark each)

- (b) Distinguish between **any two** of the following :

- (i) Provisions of tax audit as contained in 'section 44AB' and 'section 142(2A)'.
- (ii) 'Change in constitution' and 'succession of firm'.
- (iii) 'Belated return' and 'revised return'.

(5 marks each)

5. (a) On the basis of following information provided by Anand, compute his taxable wealth for assessment year 2008-09 :

	<i>Rs.</i>
Motor cars, not being held as stock-in-trade	15,00,000
Land in urban area held as stock-in-trade since March, 1997	25,00,000
Residential flat	18,00,000
Cash in hand as per cash book	5,60,000
Jewellery (as per valuation report) not being held as stock-in-trade	25,45,000
Bank balance	25,10,500
Loan for acquiring the land in urban area	18,50,000
	<i>(5 marks)</i>

- (b) Describe the assets not included in the net wealth of an assessee.

(5 marks)

- (c) Under the Wealth-tax Act, 1957, who can rectify a mistake in the 'return of wealth' and at whose request ? Mention the time limit for rectification of a mistake.

(5 marks)

PART—B

(Answer ANY TWO questions from this part.)

6. (a) State, with reason in brief, whether the following statements are true or false with reference to the Central Sales Tax Act, 1956 :

- (i) Sale of bundles of old newspapers as waste papers are exempt.
- (ii) Electricity supplied will not come within the meaning of 'goods'.
- (iii) In respect of 'declared goods', central sales tax can exceed 4% for sales to Government.
- (iv) Excise duty would form part of sale price and turnover.
- (v) Where the dealer being a proprietor dies, the certificate of registration will be cancelled.

(2 marks each)

- (b) Who is liable to get registered under the Central Excise Act, 1944 ? What are the penal provisions under this Act ?

(5 marks)

- (c) How is rate of duty and tariff valuation determined in case of imported goods ?

(5 marks)

7. (a) Under what circumstances a certificate of registration may require to be amended or cancelled under the Central Sales Tax Act, 1956 ?

(7 marks)

- (b) Explain the provisions relating to removal of goods on an invoice, as contained under Rule 11 of the Central Excise Rules, 2002.
(7 marks)
- (c) Discuss the provisions of the Customs Act, 1962 for claiming duty drawback on re-export of duty paid imported goods.
(6 marks)
8. (a) Gem Ltd., an actual user imports certain goods from USA, at Chennai port, at cost of \$8,00,000 FOB. The other details are as follows :
- (i) Packing charges : \$22,000.
 - (ii) Sea freight to Indian port : \$18,000.
 - (iii) Transit insurance : \$10,000.
 - (iv) Design and development charges paid to a consultant in USA by importer : \$9,000.
 - (v) Selling commission to be paid by the Indian importer : Rs.5,000.
 - (vi) Rate of exchange announced by RBI : Rs.40.60/\$.
 - (vii) Rate of exchange notified by the Central Board of Excise and Customs : Rs.40.70/\$.
 - (viii) Rate of basic custom duty : 15%.
- Compute the assessable value of the imported goods and the basic customs duty payable.
(8 marks)
- (b) Dimond Ltd., Mumbai sells goods for a value of Rs.20,00,000 inclusive of central sales tax @ 3% to Goldie Ltd. in Cochin, both of them are registered dealers. The local sales tax on goods in Mumbai is 2%. Ascertain sales tax payable. If Goldie Ltd. were unable to submit Form-C, being an unregistered dealer, what will be the central sales tax liability, if the local sales tax rate is 12% ?
(6 marks)
- (c) Who is 'manufacturer' under the Central Excise Act, 1944 ?
(6 marks)