

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

- (i) Samarth purchased a motor car in December, 2008, which was used for business purposes during the year. However, the relevant transfer in records of Regional Transport Office (RTO) was made only in April, 2009. Can the assessee claim depreciation on motor car for the assessment year 2009-10 ?
- (ii) Bahadur, a defence personnel, was killed in a war. His wife was paid an ex-gratia payment of Rs.10 lakh in February, 2009. She also received the family pension of Rs.7,500 per month during the year 2008-09. Advise her on the taxability of receipts.
- (iii) What are the special provisions for computing profits and gains of retail business ?
- (iv) Under what circumstances can an assessee claim a refund ?
- (v) Ram has agricultural income of Rs.2,00,000 and house property income of Rs.2,40,000. Compute his tax liability for the assessment year 2009-10.
- (vi) In terms of residential status, an individual assessee is broadly classified in various categories under the Income-tax Act, 1961. Discuss in brief.

(3 marks each)

2. (a) Som furnishes the following details as on 31st March, 2009 :

	Rs.
Commercial complex	21,60,000
Units of UTI	7,50,000
Silver utensils (market value Rs.1,75,000)	75,000
Farm house (21 kms. away from the municipal limit)	21,00,000
Urban land (construction not permitted under the law)	42,01,000
Loan taken to purchase units of UTI	3,00,000
Cash in hand	11,00,000
Wealth-tax paid for the assessment year 2008-09	21,250

Compute the net wealth of Som and the wealth-tax payable for the assessment year 2009-10.

(5 marks)

- (b) Under the Income-tax Act, 1961, who can rectify a mistake and at whose request ? Can it be rectified by the income-tax authorities on its own motion ? Mention the time limit for rectification of a mistake.
- (5 marks)
- (c) "Loss from one head of income cannot be set-off against income from another head." Discuss.
- (5 marks)
3. (a) Choose the most appropriate answer from the given options in respect of following having regard to the provisions of the Income-tax Act, 1961 :
- (i) The maximum amount of long-term capital gain, invested in specified bonds under section 54EC, during any financial year shall not exceed –
- (a) Rs.40 lakh
 - (b) Rs.50 lakh
 - (c) Rs.55 lakh
 - (d) Rs.65 lakh.
- (ii) In order to claim exemption under sections 11 and 12, a charitable trust is required to make an application –
- (a) In Form 10A to the Commissioner
 - (b) In Form 10A to the Chief Commissioner
 - (c) In Form 10D to the Deputy Commissioner
 - (d) In Form 10DB to the Commissioner.
- (iii) Penalty for failure to get the books audited as required under section 44AB is –
- (a) 0.5% of turnover or Rs.1 lakh, whichever is less
 - (b) 0.5% of turnover or Rs.1 lakh, whichever is higher
 - (c) Rs.1 lakh only
 - (d) 0.5% of turnover only.
- (iv) Sohan received Rs.60,000 from his friend on the occasion of his birthday –
- (a) The entire amount of Rs.60,000 is taxable
 - (b) Rs.10,000 is taxable
 - (c) The entire amount is exempt
 - (d) None of the above.

(v) The due date for filing of return by a working partner of a firm whose accounts are required to be audited under the Income-tax Act, 1961 for assessment year 2009-10 is –

- (a) 31st July, 2009
- (b) 31st October, 2009
- (c) 30th September, 2009
- (d) 31st December, 2009.

(1 mark each)

(b) Following is the profit and loss account of Amar for the year ended 31st March, 2009 :

	Rs.			Rs.
To Repairs on building	1,30,000	By Gross profit		6,01,000
To Advertisement	51,000	By Income-tax refund		4,500
To Amount paid to		By Interest from company		
Scientific Research		deposits		6,400
Association approved		By Dividends received from		
under section 35	1,00,000	a domestic company		3,600
To Interest	1,10,000			
To Travelling expenses	1,30,000			
To Banking cash				
transaction tax	550			
To Net profit	93,950			
	6,15,500			6,15,500

Following additional informations are furnished :

- (i) Repairs on building includes Rs.95,000 being cost of raising a compound wall for the own business premises.
- (ii) Interest payments include interest payable outside India to a resident Indian on which TDS has not been deducted of Rs.12,000 and penalty for contravention of the provisions of the Central Sales Tax Act, 1956 of Rs.24,000.

Compute the income chargeable under the head 'income from profits and gains of business or profession' of Amar for the year ended 31st March, 2009 ignoring depreciation.

(5 marks)

(c) Discuss the items of income which are deemed to accrue or arise in India.

(5 marks)

4. Write notes on **any three** of the following having regard to provisions of the Income-tax Act, 1961 :
- (i) Additional depreciation on plant and machinery acquired by an industrial undertaking.
 - (ii) Disallowance of certain expenses under section 43B.
 - (iii) Liability to deduct tax at source on payment of rent.
 - (iv) Circumstances under which a person can be treated as the agent of a non-resident.
- (5 marks each)
5. (a) State, with reasons in brief , whether the following statements are true or false having regard to the provisions of the Income-tax Act, 1961 :
- (i) Only individuals and HUFs can be resident but not ordinarily resident in India, firms can be either a resident or non-resident.
 - (ii) The assessing officer has the power, *inter alia*, to allot PAN to any person even if no tax is payable by him.
 - (iii) In respect of voluntary contributions in excess of Rs.20,000 received by a political party, exemption under section 13A is available where proper details about the donations are maintained; there is no need to maintain books of account.
 - (iv) Loss of a speculation business can be set-off against income under any head.
 - (v) All donations to approved charitable trusts are eligible for 50% deduction.
- (2 marks each)
- (b) Discuss the jurisdiction of assessing officer.
- (5 marks)

P A R T – B

(Answer ANY TWO questions from this part.)

6. (a) State, with reasons in brief, whether the following statements are correct or incorrect, with regard to provisions of the Central Sales Tax Act, 1956 :
- (i) Charity or dhamada collected by dealer will not form part of sale price.
 - (ii) Subsidy given by government to manufacturers to compensate cost of production will form part of sale price.
 - (iii) When goods are sent by VPP, the sale is said to take place in the State from where the parcel is sent.
 - (iv) Profit motive is essential to call an activity a 'business' under the Central Sales Tax Act, 1956.
 - (v) 'Place of business' does not include place of business of the agent.
- (2 marks each)

- (b) Briefly explain 'compounded levy scheme' under the excise law.
(5 marks)
- (c) Differentiate between 'protective duty' and 'safeguard duty' under customs law.
(5 marks)
7. (a) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) having regard to provisions of the Central Sales Tax Act, 1956 :
- (i) Turnover means the aggregate of the sale prices received and receivable in respect of sale of any goods in the course of _____.
 - (ii) Rahul of Chennai made a sale of goods to an export house in Delhi. These goods were later exported by the export house to Canada. To enable Rahul to claim exemption under the Central Sales Tax Act, 1956, the export house should provide to Rahul _____.
 - (iii) The central sales tax rate on sale of undeclared goods to an unregistered dealer is _____.
 - (iv) The application for central sales tax registration is to be made in the Form _____.
 - (v) Where the goods sold are exempt from State sales tax, the applicable rate of central sales tax is _____.
- (1 mark each)
- (b) X sent material to Y, a job worker, for manufacture of chairs. Cost of material sent is Rs.58,000; and transport cost upto factory of Y is Rs.7,000. Y incurred Rs.8,000 towards material and labour; Rs.3,000 towards other expenses; and also incurred processing charges of Rs.10,000. X sells the chair, manufactured by Y, for Rs.1,95,000. Find out the excise duty payable by Y where excise duty including cess is 10.3% and sales tax is 4%.
(5 marks)
- (c) A customs house agent says that duty drawback on re-export of imported goods is available only if we re-export to the supplier through the port from where import was effected. Is it correct ? Give reasons.
(5 marks)
- (d) Explain the provisions of the Customs Act, 1962 relating to the rate of duty and tariff valuation of exported goods.
(5 marks)

8. (a) Explain the provisions of the Central Sales Tax Act, 1956 relating to goods moved out of the selling State and yet held not constituting an inter-State sales.
(5 marks)
- (b) "Excisable goods cannot be removed from factory without an invoice." Comment.
(5 marks)
- (c) Under the excise law, manufacture includes marketability. Discuss.
(5 marks)
- (d) Under what circumstances, provisional assessment of duty can be made under the Customs Act, 1962 ?
(5 marks)

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