PART – A

1. (a) Discuss, with reasons in brief, the admissibility or otherwise of the following items while computing income of a business:

   (i) Fine paid under the Customs Act, 1962 for importing prohibited goods while the business earned a huge amount of profit.

   (ii) Capital expenditure on in-house scientific research related to business of the assessee.

   (iii) Donations to a registered political party.

   (iv) Contribution to the approved gratuity fund.

   (v) Salary paid to the proprietor's son who is working as a manager of the business. The salary is reasonable.

   (5 marks)

(b) Riya has a house property in Delhi, particulars of which are as under:

   ₹
   — Municipal value 3,00,000
   — Standard rent 3,12,000
   — Municipal taxes paid 50,000
   — Interest on money borrowed for acquiring the house after 1st April, 2009 1,60,000
   — Actual rent for 10 months 35,000 per month
   — Period of occupation for own residence 2 months

   Compute the income from house property for the assessment year 2013-14.

   (5 marks)
(c) Write a note on the provisions of 'alternate minimum tax' (AMT) under the Income-tax Act, 1961.

(5 marks)

(d) Explain the deduction in respect of medical insurance premium under section 80D.

(5 marks)

(e) Describe any five methods under which the arm's length price relating to an international transaction is determined under section 92C.

(5 marks)

Attempt all parts of either Q.No. 2 or Q.No. 2A

2. (a) When is an assessee liable to pay advance tax? For whom it is not compulsory?

(3 marks)

(b) Explain the provisions of the Income-tax Act, 1961 under which income of a minor child is included in the income of parents.

(3 marks)

(c) Profit of a partnership firm is ₹4,00,000 after charging interest on capital @20% of its total capital of ₹8,00,000. How much remuneration is allowable under section 40(b) to its partners?

(3 marks)

(d) Distinguish between 'domestic company' and 'foreign company'.

(3 marks)

(e) How is 'survey under section 133A' different from 'search under section 132'?

(3 marks)
2A. (i) Write short notes on the following:
   (a) Block of assets for the purpose of charging depreciation.
   (b) Dividend distribution tax under section 115-O.

(3 marks each)

(ii) Arvind earned a gross total income of ₹10,00,000 during the previous year 2012-13. He made the following donations through crossed cheques in the previous year:
   — ₹30,000 to National Foundation for Communal Harmony
   — ₹50,000 to approved institutions
   — ₹20,000 to Prime Minister’s National Relief Fund
   — ₹80,000 to Mumbai Municipal Corporation for promoting family planning.

Calculate the amount of deduction admissible under section 80G for the assessment year 2013-14.

(4 marks)

(iii) Mention the due dates for filing return of income for different categories of assessees.

(5 marks)

3. (a) Kartar furnishes the following particulars for the previous year 2012-13 in respect of an industrial undertaking established in special economic zone during the financial year 2007-08:

   ₹
   
   Total sales 60,00,000
   Export sales 40,00,000
   Profit from above undertaking 8,00,000

Compute the amount of exemption available to Kartar under section 10AA.

(5 marks)
(b) Shyam is owner of a goods transport company. During the previous year, he used two light commercial vehicles for 8 months 3 days and one heavy commercial vehicle for 6 months. In addition, he possesses 4 heavy vehicles throughout the year. His receipts from freight were ₹13,00,000 and his operating expenses were ₹9,70,000 including ₹2,50,000 for depreciation. As per income-tax rules, depreciation allowable was ₹2,80,000. Whether Shyam should opt for the presumptive profit under section 44AE?

(5 marks)

(c) From the following information, compute the taxable capital gains of Sanjay:

— He sold his self generated goodwill for ₹15,00,000 after using it for six years. He spent ₹1,50,000 for the development of the goodwill.

— The bonus shares (not listed) held by him in RK Ltd. were sold for ₹4,20,000 on 28th March, 2013. The face value of the shares which were allotted in May, 2012 was ₹2,50,000.

— Short-term capital loss from the transfer of a building used for his business ₹1,00,000.

— A car purchased by him for ₹5,00,000 in 2005-06 for personal use, was sold on 1st July, 2012 for ₹2,10,000.

(5 marks)

4. (a) Sumit is an Indian and resident and ordinary resident in India. The value of his assets and liabilities as per Schedule III of the Wealth-tax Act, 1957 as on 31st March, 2013 are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guest house in Hong Kong</td>
<td>₹10,00,000</td>
</tr>
<tr>
<td>Jewellery gifted to his wife</td>
<td>₹15,00,000</td>
</tr>
<tr>
<td>His value of interest in the assets of a firm as a partner</td>
<td>₹8,00,000</td>
</tr>
<tr>
<td>Cash in hand</td>
<td>₹3,00,000</td>
</tr>
</tbody>
</table>

2/2013/TLP (N/S)            Contd .......
— He took a life insurance policy for ₹5,00,000 which has surrender value as on 31st March, 2013 75,000
— He has a commercial complex at Delhi having 20 offices which were let-out 30,00,000
— He owns a residential house in Mumbai, which is let-out for 320 days in the previous year 10,00,000

Compute the net wealth and wealth-tax liability of Sumit.

(6 marks)

(b) Dev is an officer of Rajasthan Government. He is in the pay scale of ₹20,000-800-28,000 since 1st June, 2011. He gets dearness allowance @10% of his basic salary and entertainment allowance @₹1,000 per month. The employment tax payable to State Government was ₹2,000 but Dev paid ₹1,500 in the previous year. He has paid ₹15,000 as premium on a policy of ₹1,00,000 which was taken on 1st April, 2012. He also paid part-time coaching fees of his son ₹10,000. Compute the tax liability of Dev for the assessment year 2013-14.

(6 marks)

(c) How does residential status affect the tax liability of an assessee? Explain.

(3 marks)

PART – B

5. (a) "Service tax is generally payable by the service provider, but in certain circumstances it is the liability of the service receiver." Do you agree? Explain.

(5 marks)

(b) Who can avail input tax credit? Can input tax credit be carried forward? Discuss.

(5 marks)
(c) Piyush rendered a taxable service to a client on 25\textsuperscript{th} August, 2013. A bill of ₹40,000 was raised on 29\textsuperscript{th} August, 2013 for which ₹15,000 were received from the client on 1\textsuperscript{st} October, 2013 and balance on 23\textsuperscript{rd} October, 2013. Answer the following:

(i) If service tax was separately charged in the bill, what is the value of the taxable services and service tax payable?

(ii) If no service tax was separately charged in the bill:
   — Is Piyush liable to pay service tax, even though the same has not been charged by him?
   — In case, he is liable, what is the value of taxable services and service tax payable?

\textit{Attempt all parts of either Q.No. 6 or Q.No. 6A}

6. (a) Explain the term 'inter-State sale' as per the Central Sales Tax Act, 1956. When is a sale or purchase deemed to have taken place in the course of inter-State sale?

(b) For whom registration is compulsory under service tax? What is the time-limit for registration? How much fees is determined for it?

(c) Determine the VAT liability of Sambhav from the following information:
   — Purchases from local market \textit{(including VAT)} ₹2,60,000
   — VAT rate on input 4%
   — Transportation, insurance and handling charges ₹6,000
   — Goods sold at a profit margin 15%
   — VAT rate on sales 10%

(5 marks)
OR (Alternate question to Q.No. 6)

6A. (i) Distinguish between 'exempt sales' and 'zero rate sales' under the VAT scheme.  
(5 marks)

(ii) In what purchases, input tax credit is not allowed under VAT?  
(5 marks)

(iii) What do you understand by 'point of tax' in service tax? How is point of tax determined where service is taxed for the first time?  
(5 marks)