

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 8

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 2013-14 unless stated otherwise.

PART – A

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

1. (a) Write the most appropriate answer from the given options in respect of the following having regard to the provisions of the relevant direct tax laws :
- (i) Which of the following shall not be treated as an 'asset' for wealth-tax purposes —
- (a) A truck used for transportation of goods
(b) A farmhouse which is situated within 8 Kms. of any municipality
(c) A motor car used for transportation of employees
(d) A residential house given to non-working director.
- (ii) The rate of alternate minimum tax including education and higher education cess in case of a limited liability partnership firm is —
- (a) 18%
(b) 18.5%
(c) 19.055%
(d) None of the above.
- (iii) Speculation loss can be carried forward for set-off upto —
- (a) 4 Years
(b) 8 Years
(c) 2 Years
(d) 10 Years.
- (iv) Exemption under section 54EC regarding capital gains on transfer of any long-term capital asset on the basis of investment in certain bonds can be claimed by —
- (a) Any assessee
(b) An individual only
(c) An individual and HUF only
(d) A corporate assessee only.

(v) Which of the following income is exempted from tax —

- (a) Agricultural income in Kolkata
- (b) Interest on government securities
- (c) Income from salaries
- (d) Capital gains.

(1 mark each)

(b) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/figure(s) :

- (i) Tax is not deducted at source, from a resident person if payment/credit does not exceed ₹_____, in the case of bank interest.
- (ii) The rate of depreciation in the case of intangible assets is _____ %.
- (iii) Deduction in respect of interest on deposits in savings bank accounts under section 80TTA is available upto ₹_____ in aggregate to an individual or HUF.
- (iv) The rate of income tax on _____ capital gains covered under section 111A is 15%.
- (v) The maximum deduction under section 80GG shall be _____ per month.

(1 mark each)

(c) Following particulars are related to the income of Mrs. Bimla for the previous year 2012-13 :

- Salary (after deducting ₹48,000 for income tax at source) ₹3,60,000 per annum.
- Dearness allowance (under the terms of employment) ₹42,000 per annum.
- Education allowance (for 3 children) ₹15,700 per annum.
- Medical allowance (actual medical expenditure ₹14,000) ₹37,200 per annum.
- Rent-free house (in Mumbai). The Company paid ₹40,000 per month as rent. The house is furnished and the rent of the furniture is ₹35,000 per annum.
- The company spent ₹18,000 on her refresher course.
- She paid professional tax @ ₹7,000 for three years.

Find out taxable income of Mrs. Bimla from salary for the assessment year 2013-14.

(5 marks)

: 3 :

2. (a) State, with reasons in brief, whether the following statements are true or false :
- (i) Once a person is a resident in a previous year, he shall be deemed to be resident for subsequent previous year also.
 - (ii) The maximum amount of deduction from family pension received by a widow is ₹18,000.
 - (iii) Any sum paid on account of income tax is fully deductible while computing income from business and profession.
 - (iv) A partnership firm incurring losses need not file return of income.
 - (v) The unabsorbed depreciation can be carried forward for 8 subsequent assessment years.

(1 mark each)

- (b) Smt. Sweta furnishes the following particulars of her income for the financial year ended 31st March, 2013 :

- (i) Dividend received in September, 2012 from UTI ₹4,400 (*gross*).
- (ii) Dividend received in July, 2012 from Darjeeling Tea Co. Ltd. ₹14,320 (60% of income of the company is agricultural income).
- (iii) Long-term capital gains from sale of shares through recognised stock exchange ₹8,000.
- (iv) Amount received on 1st December, 2012 in connection with winnings from lottery ₹1,09,200 (*net*). Cost of lottery tickets purchased ₹4,000.
- (v) She has hired a residential house consisting of 3 rooms for ₹7,200 per month on 1st October, 2012. One room of this house was sub-let on rent of ₹3,000 per month from 1st January, 2013.

Compute taxable income of Smt. Sweta under the head 'income from other sources' for the assessment year 2013-14. Give working notes wherever necessary.

(5 marks)

- (c) Under what circumstances, an individual will be considered 'non-resident' for income-tax purposes and on what income he will be liable to be assessed ?

(5 marks)

3. (a) Mrs. Chanda owns two houses. The details of these houses are as follows :

	<i>House-I</i>	<i>House-II</i>
Municipal valuation (₹)	3,00,000	2,00,000
Fair rent (₹)	3,20,000	2,20,000
Standard rent (₹)	2,80,000	2,30,000
Annual rent (₹)	self-occupied	2,07,600
Vacancy period	—	2 months
Municipal taxes paid during 2012-13 (₹)	20,000	20,000

She raised a loan of ₹12,00,000 from Punjab National Bank @12% per annum interest on 1st June, 2009 for the construction of House-I. Construction of the house was completed on 1st June, 2012. Date of repayment of loan is 1st October, 2012.

Half of the municipal taxes in respect of the House-II have been paid by the tenant. During the previous year 2012-13, she was employed in a company at a monthly salary of ₹25,000. Company paid ₹2,000 as professional tax on her behalf.

Compute her total income and tax liability for the assessment year 2013-14 assuming that she does not have any other income.

(7 marks)

- (b) What is 'best judgement assessment' ? Explain the provisions of section 144 in this regard.

(4 marks)

- (c) Distinguish between 'long-term capital gains' and 'short-term capital gains'.

(4 marks)

4. (a) Deepak acquired 200 listed debentures of ₹100 each on 15th May, 2006. 50% value of each debenture was converted into 4 listed equity shares of the face value of ₹10 each on 20th August, 2011. Deepak, therefore, received 800 shares of face value of ₹10 each and was left with 200 debentures of ₹50 each. The shares were sold on 15th June, 2012 @ ₹100 per share through recognised stock exchange and Deepak paid ₹800 as securities transaction tax.

Compute the income from capital gains to be included in the income of Deepak for the assessment year 2013-14.

(5 marks)

: 5 :

- (b) From the following particulars, find out the amount of unabsorbed depreciation to be carried forward :

	₹
(i) Income from business (<i>before charging depreciation</i>)	1,08,000
(ii) Depreciation	2,22,000
(iii) Income under the head 'house property'	90,000
(iv) Income from other sources	9,000

(5 marks)

- (c) Ramesh has business income of ₹8,00,000 after debiting depreciation of ₹80,000 on buildings in his profit and loss account for the year 2012-13. He bought the following assets during the year :

- (i) Building-I bought on 1st March, 2012 for ₹3,00,000 and put to use on 31st March, 2013 (*rate of depreciation : 10%*).
- (ii) Building-II bought on 1st August, 2012 for ₹4,00,000 and put to use on 10th March, 2013 (*rate of depreciation : 10%*).
- (iii) Building-III bought on 10th September, 2012 for ₹5,00,000 and put to use on 1st June, 2013 (*rate of depreciation : 10%*).

Compute business income of Ramesh for the assessment year 2013-14 assuming that Ramesh has no other building.

(5 marks)

5. (a) Compute the tax payable, additional income tax payable and penalty payable under section 271(1)(c), if any, for the assessment year 2013-14 from the following :

	₹
Income as per return of income submitted for assessment year 2013-14	1,80,000
Additions made under section 143(3) :	
On question of fact	1,00,000
On question of law	30,000
Intangible additions	20,000
Total income assessed	3,30,000

(5 marks)

(b) Kishore an Indian repatriate, came to India on 1st October, 2012. From the following information, determine which assets are exempt under section 5(v) of the Wealth-tax Act, 1957. Also give reasons for their exemption :

- (i) He purchased a house in Bangaluru in June, 2011. He had remitted the money to purchase this house from London.
- (ii) He brought with him 4 Kgs. gold and ₹20 lakh in cash. The balance in his non-resident external account in India on 30th September, 2012 was ₹10 lakh.
- (iii) He sold 2 Kgs. gold and from the sale proceeds purchased a plot in March, 2013 to construct a house.

(5 marks)

(c) When does a person become liable to pay advance tax ? When does payment of advance tax become due ?

(5 marks)

6. (a) Distinguish between the following. Attempt *any two* :

- (i) 'Person' and 'assessee'.
- (ii) Tax liability of 'resident individual' and 'non-resident individual'.
- (iii) 'Capital receipts' and 'revenue receipts'.

(3 marks each)

(b) Discuss the taxation of voluntary contribution received by a 'charitable trust' and 'corpus donations'.

(5 marks)

(c) Write short notes on the following. Attempt *any two* :

- (i) Assessment year
- (ii) Consequences of failure to deduct tax at source
- (iii) Taxation of agricultural income.

(2 marks each)

PART – C

8. Attempt *any four* of the following :

(i) State, with reasons in brief, whether the following statements are true or false :

- (a) The value added tax (VAT) had its origin only in United Kingdom.
- (b) Central sales tax paid on inter-State purchases is eligible for being set-off against VAT payable in the State.
- (c) Punjab was the first State to implement VAT w.e.f. 1st April, 2003.
- (d) No declaration form is prescribed under VAT system.
- (e) Registration of dealer is mandatory under VAT.

(1 mark each)

(ii) Manish, a manufacturer, sells goods to Suresh, a distributor for ₹2,40,000 (exclusive of VAT). Suresh sells goods to Trilok, a wholesale dealer for ₹3,00,000. The wholesale dealer sells the goods to a retailer for ₹4,00,000, who ultimately sells goods to the consumers for ₹5,00,000.

Compute the tax liability, input credit availed and tax payable by the manufacturer, distributor, wholesale dealer and retailer under invoice method assuming VAT rate @12.5%.

(5 marks)

(iii) 'Zero rating' is advantageous to the dealer as compared to 'exempting' of sale transactions. How ?

(5 marks)

(iv) State any two benefits and any two drawbacks for a dealer who opts for composition scheme under VAT as per White Paper.

(5 marks)

(v) What records should be maintained under VAT system by a registered dealer ?

(5 marks)