



PAU-161100010504

Seat No. _____

B. B. A. (Sem. V) (CBCS) Examination

October/November - 2018

Direct Taxes

Time : $2\frac{1}{2}$ Hours]

[Total Marks : 70

1 From the following information regarding income of Mr. Ram, find out his total gross income for different residential status. 14

- Interest received from development bonds Rs. 54,000
- Interest received from the property Rs. 1,23,000.
- Income received from the business in Japan which is controlled from Mumbai Rs. 75,000
(Out of which Rs. 45,000 received in India)
- Interest received on fixed deposit with Indian company but from outside India Rs. 64,000.
- Profit received from the business in India but managed from outside India Rs. 50,000.

OR

1 Mr. Rahim came to India for the 1st time on 1-4-2013, find out his residential status for the A.Y. 2018-19. 14

Arrival	Departure
4-3-2014	5-5-2013
4-3-2016	5-5-2015
4-3-2018	1-5-2017
	5-5-2018

2 Explain any seven fully exempted income from the tax. 14

OR

2 Explain any seven examples of partly exempted income. 14

3 Shriman Gujarati has prepared the following profit and loss account for the year ending on 31-3-2018.

14

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To General Exp.	65,000	By Gross Profit	24,32,000
To Bad Debts	2,000	By Discount and Commission	6,000
To Bad Debts Reserve	5,000	By Rent received	27,000
To Provision for taxation	57,000	By Interest on Post Office acocunt	3,000
To Income Tax	1,85,000	By Bad Debts Recovered	16,000
To Insurance Premium	11,000	By Surplus on sale of shares	75,000
To Motor car Exp.	1,05,000	By profit on sale of machinery	1,000
To Sales Tax	55,000		
To Staff Salary	10,85,000		
To Legal Expenses	4,000		
To Donation	6,000		
To net profit	9,80,000		
	25,60,000		25,60,000

Additional Information :

- (1) Insurance premium includes Rs. 3,000 being medi claim insurance and Rs. 2,000 being life insurance premium.
- (2) 25% of the bad debts recovered related to the amount of bad debts not allowed before three years.
- (3) Motor car exp. does not include depreciation. Half of motor car use is for personal. WDV of motor car is Rs. 2,50,000 and rate of depreciation is 15%.

Calculate taxable income from Business from the given information for A.Y. 2018-19.

OR

3 Following is the Profit and Loss Account of
Mr. Singh for the year ending on 31-3-18.

14

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening Stock	1,08,000	By Sales	90,63,000
To Purchases	80,12,750	By Closing Stock	1,98,000
To Salaries and Wages	1,75,000	By Share Dividend	88,000
To Rent and Rates	1,31,000		
To Commission	21,500		
To Household expenses	1,00,000		
To Income Tax	36,100		
To Sales Tax	50,250		
To Advertisement	5,000		
To postage and telegram	4,000		
To Interest on capital	84,000		
To reserve for bad debts	3,400		
To depreciation on asset	18,000		
To net profit	6,00,000		
	93,49,000		93,49,000

Additional data :

- (1) Closing stock and opening stock have consistently been valued at 10% below cost price.
- (2) Depreciation on asset as per Income Tax provisions is Rs. 17,200.
- (3) Amount of sales includes a sum of Rs. 41,250 representing the value of goods withdrawn for personal use which costing Rs. 27,850 and its market value on the date of withdrawn was Rs. 45,240.

You are required to calculate taxable income from business for Mr. Singh for the Assessment Year 2018-19.

- 4 Mr. Pestanjee joined a company on 1-4-2015 as an accountant in the salary scale of Rs. 9000-500-15000. Calculate his taxable salary for A.Y. 2018-19. 14
- (1) D.A. @ 20% of basic salary.
- (2) Contribution to recognized provident fund (by both) @ 12% of salary.
- (3) City compensatory allowance @ Rs. 1000 per month.
- (4) Interest @ 12% p.a. rate credited to RPF Rs. 2,400.
- (5) House rent allowance Rs. 1,000 per annum.
- (6) Entertainment allowance Rs. 200 per month.
- (7) Travelling allowance Rs. 6,000 (amount spend Rs. 4,000).
- (8) The company has provided 1.8 litres car partly for private use and partly for office use. All its expenses are met by the employee.
- (9) Free education facility at employer's school for a child of Mr. Pestanjee costing Rs. 15,000.
- (10) The company pays Rs. 6,000 for gas-water facility for his personal use.
- (11) Free lunch is provided on 200 days (cost per dish Rs. 100)
- (12) He has paid professional tax Rs. 2,400 and house rent of Rs. 30,000 p.a.

OR

- 4 Shri Hindustani is a Director-Employee of a Limited Company. Compute his gross income from salary for the assessment year 2018-19 from the following details: 14
- (1) Basic Salary @ Rs. 7,000 p.m. upto 30-9-17 and thereafter increased to Rs. 9,000 p.m.
- (2) Dearness Allowance – 50% of Basic Salary.
- (3) Commission on sales – Rs 60,000
- (4) Entertainment Allowance – Rs. 500 per month.

- (5) Educational Allowance – (he has one child)
– Rs. 300 per month
- (6) The company (subject to FBT) has provided him a flat in Ahmedabad, which is owned by the Company. The company has spent Rs. 3,81,400 to furnish his flat.
- (7) Company has also provided a gardener having salary of Rs. 800 per month paid by the company.
- (8) The company has reimbursed medical expenses incurred by him for his family members amounting to Rs. 15,000.
- (9) The company has provided free transport facility to the family members of the employiye (cost to employer Rs. 9,600).
- (10) The employer deducts 10% of his basic salary towards rent of the flat given to him as his residence.

5 Mr. Peter owns several house properties at Rajkot 14
from which he is living at Kalawad Road and remaining
are given on rent. From the following statement of account
for the year ending on March 31, 2018, calculate his taxable
income from house property for A.Y. 2018-19.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Municipal Taxes (Paid by Peter)		By Rent:	
– Race course house	400	– Race course house	12,000
– Raiya road house	800	– Raiya Road house	24,000
– University house	320	– University house	15,000
– Amin Marg House	240	– Amin Marg House	6,000

– Kalawad Road house	600	
To ground rent of Amin Marg House	250	
To repairs	6,000	
To collection charges:		
– Race course house	480	
– Raiya Road house	800	
–University house	640	
–Amin Marg house	480	
To interest paid to bank loan for University Road House	3,000	
To interest paid to bank loan taken for Kalawad Road House	6,500	
To Excess of receipts over payments	36,490	
	57,000	57,000

The municipal tax of each house is 5% of the municipal value.

OR

- 5 From the following particulars of Shri Kathiyawadi, 14
calculate his taxable income from house property for
A.Y. 2018-19.

First House:

- (a) Annual value of 3 identical residential units of the house as per municipal records are – Unit 1 Rs. 8,400, Unit 2 – Rs. 4,950 and Unit 3 – Rs. 1,500.

- (b) Actual rent received for all three units for the year are Rs. 9,900, Rs. 4,500 and Rs. 2,400 respectively.

Second House:

- (a) Annual value of 3 identical residential units of the house as per municipal records are – Unit 1 Rs. 46,000; Unit 2 Rs. 48,000 and Unit 3 Rs. 8,000.
- (b) Actual monthly rent received for all three units are Rs. 4,500, Rs. 3,200 and Rs. 750 respectively.

Additional General Information :

- (a) Municipal taxes are 10% of municipal valuation.
- (b) Total interest paid on loan taken for construction for the year for both houses is Rs. 15310.
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