

VVM's Shree Damodar College of Commerce & Economics
SUBB A, Semester IV, End Semester Examination, Repeat October 2017
DIRECT TAX

DURATION: 3 hour

MAX MARKS: 60

INSTRUCTIONS:

- 1) Answer ANY FIVE
- 2) Figures indicate to right Marks Allotted

Q.1

a) Mr. Young furnishes the following information about his stay in India

A.Y.	DAYS	A.Y.	DAYS	A.Y.	DAYS
2005-06	40 days	2009-10	75 days	2013-14	107 days
2006-07	60 days	2010-11	68 days	2014-15	85 days
2007-08	65 days	2011-12	50 days	2015-16	88 days
2008-09	125 days	2012-13	95 days	2016-17	80 days

Determine his Residential status for the Assessment Year 2016-17. (06)

b) Mr. Marshal engaged in the Business of retail trade of goods and Merchandise has gross receipts amounting to Rs. 88,72,000 from such business. He incurs Expenses as follows:

Purchases: Rs. 41,60,800 Salaries: Rs. 1,29,000, Indirect Expenses: Rs. 3,68,500.

The computer system is used for its business and the WDV of computer is Rs. 72,500. The computer is available for depreciation @60%.

Compute the profits from the business, if Mr. Marshal opts for the Scheme under section 44 AD. (06)

Q.2

a) Zlatan Ltd furnishes the following information of its Machineries for the Previous Year 2015-16 W.D.V. as on 1st April, 2015 Rs. 42,68,520/- on 01st June, 2015 new Machinery amounting to Rs.13,66,000/- was purchased. To add to the existing machinery new purchase on 29th March, 2016 was effected which amounted to Rs. 8,98,500/-. Part of the Machinery costing Rs. 5,48,000/- was sold for Rs. 5,46,000/-. Admissible Rate of Depreciation on Machinery is 30%.

Compute the admissible depreciation for A.Y. 2016-17. (06)

b) Mr. Rohit not covered by Payment of Gratuity Act, retires on 28th february, 2016 after serving the employer company for a period of 18 years and 10 months. He was drawing a salary of Rs. 5000 up to Sep 2015 and thereafter Rs. 6000 pm. On retirement he is not in receipt of pension but gratuity of Rs. 60000 is paid. Compute taxable salary in his case for the AY 2016-17. (03)

c) Mr. Ritesh staying at Chennai receives Rs. 12,500 monthly as basic salary Rs. 1500 as D.A provided in terms of employment and 4% as commission on turnover achieved by him. He is paid a house rent allowance of Rs. 1800 p.m. The turnover achieved by him for the year is Rs. 15lakhs. House rent paid by him is Rs.2500 p.m. He received advance salary of Rs. 50,000 in March 2016 relating to the period April to July 2016.

Determine the taxable quantum of house rent allowance. (03)

Q.3.

Mr. Jose provides the Following details of his Income for the P.Y. 2015-16.

Basic Salary: Rs. 6,44,000/- P.a.

Dearness Allowance: Rs. 10,000/- p.m.

Transport Allowance: Rs. 450 p.m.

Hostel Allowance: Rs. 200 p.m. per child for Three children

Children Educational Allowance: Rs. 350 P.m. for Three children.

He also owns a House property in Margao, which is let out from 01st April, 2014.

The Details are as follows:

Municipal Valuation: Rs. 1,65,000/-

Fair Rent : Rs. 1,02,000/-

Standard Rent : Rs. 1,75,000/-

Actual Rent Received is Rs 22,000/- p.m.

Following expenses were incurred by him in respect of the House Property:

Repairs : Rs. 65,000/-

Insurance Charges: Rs. 72,770/-

Municipal Taxes : Rs. 8,000/-

He has been paying Housing Loan on Loan amount of Rs. 7,80,000/- on which interest @ 15% is paid.

LIC Premium Paid : Rs. 10,000/-

Investment in Provident Fund : Rs. 25,000/-

Housing Loan Principle Repayment: Rs.6,550/-

Compute Total Income and Tax Thereon for the A.Y. 2016-17.

(12)

2. 4 Mr. Juan is a Doctor by Profession. The following is the analysis of his Receipts and Payments for the year ending 31-03-2016

RECEIPTS		AMOUNT	PAYMENTS		AMOUNT
To	Professional Income	23,42,000.00	By	Salaries to Staff	5,48,000.00
"	House Rent for 10 months	1,24,000.00	"	Office Rent	2,00,000.00
"	Share of Income from Firm	6,22,000.00	"	Telephone Expenses	21,890.00
"	Agricultural Income	3,45,230.00	"	Professional Fees Paid	1,28,560.00
			"	Vehicle Expenses	76,920.00
			"	Office Expenses	22,500.00
			"	Purchase of Car	7,22,500.00
			"	Personal Expenses	52,600.00
			"	Income Tax Paid	72,000.00
			"	Donations	11,000.00
			"	Insurance	31,350.00
			"	House Property Expenses:	
				Municipal Taxes	7,000.00
				Repairs	5,500.00
				Insurance	3,800.00
			"	Excess of Receipts over Payment	15,29,610.00
		34,33,230.00			34,33,230.00

ADDITIONAL INFORMATION:

1. Allowable depreciation of Car is 15%.
2. Municipal Value of house property is Rs. 38,000. The house was self occupied as her residence for 2 month.
3. Mr. Juan incurred expenditure amounting to Rs. 62,000/- towards medical treatment of his dependant brother. He was suffering severe disability.

Compute her taxable Income for the year.

(12)

Q.5

Mr. Rojo provides his Profit & Loss Account for the year ended 31st March , 2016.

PARTICULARS		AMOUNT	PARTICULARS		AMOUNT
To	Purchases	14,52,500.00	By	Sales	26,42,700.00
"	Salaries	98,500.00	"	Dividend	28,000.00
"	Printing & Stationery	3,250.00	"	Bank Interest	11,680.00
"	Telephone Expenses	12,660.00			
"	Professional Fees Paid	15,000.00			
"	Vehicle Expenses	72,580.00			
"	Office Expenses	18,000.00			
"	Purchase of Furniture	1,89,000.00			
"	Drawings	72,500.00			
"	Income Tax Paid	16,400.00			
"	Donations	2750.00			
"	Net Profit	7,44,240.00			
		26,82,380.00			26,82,380.00

ADDITIONAL INFORMATION:

1. Allowable depreciation of Furniture is 10%.
2. 40% of Vehicle expenses are for Personal use.
3. Mr. Rojo was permanently disabled from Birth .
He was suffering 40% disability.

Compute his taxable Income for the year. (12)

Q.6 Write Short Notes on: (12)

- i) Resident and Not an ordinary Resident
- ii) Short Term Capital Asset
- iii) Assessee

Q-7 Answer the following:-

- 1) Define Transfer? (06)
- 2) Note the Provisions in relation to Death cum Retirement Gratuity received under Section 10(10)? (06)