

V.V.M's
Shree Damodar College of Commerce and Economics,
Margao Goa
S.Y BBA (FS) Semester IV, End Semester Examination, April 2015
SUB: DIRECT TAXES

DURATION: 2 HOURS

MKS: 60

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

Q.1 A)

Mr. Jayesh furnishes the following information about his stay in India

A.Y.	DAYS	A.Y.	DAYS	A.Y.	DAYS
2003-04	40 days	2007-08	75 days	2011-2012	107 days
2004-05	60 days	2008-09	68 days	2012-2013	85 days
2005-06	65 days	2009-10	50 days	2013-2014	88 days
2006-07	125 days	2010-11	95 days	2014-2015	80 days

Determine his Residential status for the Assessment Year 2014-15. **(06)**

B)

Mr. Samarth engaged in the Business of retail trade of goods and Merchandise has gross receipts amounting to Rs. 48,76,000 from such business. He incurs Expenses as follows: Purchases: Rs. 31,60,890, Salaries: Rs. 89,000, Indirect Expenses: Rs. 4,68,940. The computer system is used for its business and the WDV of computer is Rs. 89,880. The computer is available for depreciation @60%.

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

Q.2 A)

Verna Ltd furnishes the following information of its Machineries for the Previous Year 2010-11.

W.D.V. as on 1st April, 2013 Rs. 36,78,550/- on 01st June, 2013 new Machinery amounting to Rs. 12,88,000/- was purchased. To add to the existing machinery new purchase on 26th March, 2014 was effected which amounted to Rs. 11,68,200/-. Part of the Machinery costing Rs. 6,48,000/- was sold for Rs. 5,46,000/-.

Admissible Rate of Depreciation on Machinery is 30%.

Compute the admissible depreciation for A.Y. 2014-15. **(06)**

Q. 2.B

Examine the tax consequence of the transactions in the following Cases: **(06)**

- i) Mr. Vishal of USA has let out his property at Bangalore to Mr. Alva for Dollars 20,000 p.m. payable at USA. Examine the Taxability of the Rent in the hands of Mr. Vishal for the A.Y. 2014-15.
- ii) A non-resident company purchases Carpets in India for the Purpose of Export and thereby earns profit.
- iii) Mr. Kedar, a citizen of India, is employed in Indian Embassy at Beijing, China. He received salary and allowance the Government of India during the year ending 31-03-2014 for services rendered by him in Beijing. Examine the Taxability of salary in the hands of Mr. Kedar for the A.Y. 2014-15.

Q.3.A.

Mr. Zeeshan provides the Following details of his Income for the P.Y. 2013-14.

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 , 2012.

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 Principal Repayment:Rs. 36,550

Compute Total Income and Tax Thereon for the A.Y. 2014-15.

(12)

Q. 4

Ms. Shraddha is a Doctor by Profession. The following is the analysis of her Receipts and Payments for the Year Ending 31-03-2014

RECEIPTS		AMOUNT	PAYMENTS		AMOUNT
To	Professional Income	13,62,000.00	By	Salaries to Staff	4,68,000.00
"	House Rent for 10 months	68,000.00	"	Office Rent	2,00,000.00
"	Share of Income from Firm	6,65,890.00	"	Telephone Expenses	21,890.00
"	Agricultural Income	2,43,650.00	"	Professional Fees Paid	1,56,770.00
			"	Vehicle Expenses	26,920.00
			"	Office Expenses	18,890.00
			"	Purchase of Car	6,80,000.00
			"	Personal Expenses	42,660.00
			"	Income Tax Paid	42,000.00
			"	Donations	11,000.00
			"	Insurance	21,350.00
			"	House Property Expenses:	
				Municipal Taxes	7,000.00
				Repairs	5,500.00
				Insurance	3,800.00
			"	Balance C/d.	6,33,760.00
		2,339,540.00			2,339,540.00

ADDITIONAL INFORMATION:

1. Allowable depreciation of Car is 15%.
2. Municipal Value of house property is Rs. 42,000. The house was self occupied as her residence for 1 month.
3. Ms. Shradha incurred expenditure amounting to Rs. 82,000/- towards medical treatment of her dependant brother. He was suffering Severe disability.

Compute her taxable Income for the year. (12)

Q 5

Mr. Shane provides his Profit & Loss Account for the year ended 31 st March , 2014.

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
To Purchases	1,152,500.00	By Sales	1,762,700.00
" Salaries	62,500.00	" Dividend	18,000.00
" Printing & Stationery	3,268.00	" Bank Interest	21,680.00
" Telephone Expenses	9,880.00		
" Professional Fees Paid	15,000.00		
" Vehicle Expenses	21,520.00		
" Office Expenses	18,630.00		
" Purchase of Furniture	62,000.00		
" Drawings	36,500.00		
" Income Tax Paid	16,400.00		
" Donations	2750.00		
" Net Profit	4,01,432.00		
	1,802,380.00		1,802,380.00

ADDITIONAL INFORMATION:

1. Allowable depreciation of Furniture is 10%.
2. 35% of Vehicle expenses are for Personal use.
3. Mr. Shane was permanently disabled from Birth . He was suffering 40% disability.

Compute his taxable Income for the year. (12)

Q-6

Write Short Notes on:

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

Q-7

1) Define Transfer ?

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