

October 2008

Section I

Q.1 Mrs. Prafulla provides the following profit and Loss Account for the year ended 31/03/2007. Profit and Loss Account for the year ended 31st March, 2007. 18

Expenses	Rs.	Income	Rs.
To Salaries	2,00,000	By Gross Profit b/d	8,08,000
To Printing and Stationery	10,000	By U.T.I. dividend	10,000
To Advertisement expenses	40,000	By Winning from lottery	15,000
To Rent	50,000	By Gift from father	5,000
To Motor car expenses	30,000	--	--
To Personal drawings	50,000	--	--
To Embezzlement by an employee	5,000	--	--
To Staff welfare expenses	25,000	--	--
To Donations	15,000	--	--
To Income Tax	9,000	--	--
To Depreciation	30,000	--	--
To Sales Tax paid	4,000	--	--
To Net Profit	3,70,000	--	--
--	8,38,000	--	8,38,000

Additional Information:

1. Depreciation as per Income Tax Rules is Rs. 35,000.
2. 50% of the rent is paid for her residential house
3. Personal drawings includes her personal life Insurance premium of Rs. 5,000.
4. Printing includes Rs. 2,000 paid for printing birthday cards for her daughter's birthday
5. Donations are made to:

- (a) National sports fund Rs. 10,000
 - (b) Indira Gandhi Memorial Trust Rs. 4,000.
 - (c) Recognised Charitable Institutions of books worth Rs. 1,000.
- Compute total taxable Income of Mrs. Prafulla for assessment year 2007-08.

Q 2. Mr. Sachin Abhyankar is an employee of Godrej Ltd. He furnishes the following Information for the year ended

31st March 2007. 14

(a) Basic Salary (Net of Professional Tax and T.D.S.)	--
01/04/2006 to 30/11/2006	Rs. 24,000 per month
01/12/2006 to 31/03/2007	Rs. 30,000 per month
(b) Tax deducted at source:	--
01/04/2006 to 30/11/2006	Rs. 1,000 per month
01/12/2006 to 31/03/2007	Rs. 2,000 per month
(c) Professional Tax	Rs. 2,500 per annum
(d) Bonus received in October 2006	Rs. 48,000
(e) Conveyance allowance received	Rs. 2,000 per month
(Exempt u/s 10 @ Rs. 800 per month)	--
(f) Dearness allowance @ 65% of Basic salary.	--
(g) Loan from employer for daughter's marriage	Rs. 1,00,000
(h) Interest received on Bank saving account	Rs. 3,000
(i) Interest received on Government securities	Rs.7,000
(j) LIC premium paid by Mr. Abhyankar	Rs.10,000 in cash
(k) He paid medical Insurance premium of	Rs.5,000 in cash

Compute his Net Taxable Income for Assessment year 2007-08.

Q. 3 Mr. Kedar Patwardhan owns two house properties. Following are the details regarding these houses for the year ended 31/03/2007. 14

(A) House Property I: self occupied,

- (1) Annual value Rs. 4,00,000.
- (2) Municipal Taxes paid Rs. 20,000.
- (3) Loan from ICICI Bank of Rs. 15,00,000 for acquiring the house property in 2004.
- (4) Interest paid on the above loan Rs. 1,80,000 for the-year.
- (5) Repayment of Principal amount on housing loan during the year Rs. 30,000.

(B) House Property II: Let out

- (1) Fair rent Rs. 3,25,000
- (2) Actual rent received Rs. 30,000 per month.
- (3) Municipal Taxes paid 18,000.

(4) Collection charges paid Rs. 500.

(5) Interest paid on loan for construction of house property Rs. 40,000.

(C) His other income was as follows:

(1) Interest on Public Provident Fund is Rs. 6,000.

(2) Dividend from Reliance Industries Ltd. Rs. 3,000.

(D) Mr. Patwardhan is physically handicapped (upto 30%).

Compute the Net Taxable Income of Mr. Patwardhan for the Assessment year 2007-08.

Q.4 (a) Professor Rajendra Bhatt a UK citizen (not a person of India Origin) is a visiting faculty at JNO University. provides you the details of his visit to India during the last 7 years. 8

Previous Year	No. of Days stay in India
2006 - 07	179
2005 - 06	195
2004 - 05	15
2003 - 04	130
2002 - 03	190
2001 - 02	100
2000 - 01	125

Prior to 01/04/2000 he did not visit India. Find out his Residential status for the Assessment year 2007-08.

(b) Shri R. P. Chitale purchased a House property for Rs. 1, 25,000 on 4th September, 1977. He constructed a First Floor during the Financial Year 1985-86 for Rs. 2,25,000. 6

The fair market value of the property on 01/04/1981 was Rs. 3, 50,000. He sold the property on 15/11/2006 for Rs. 35 lakhs. He paid brokerage Rs. 25,000 for the sale transaction. The cost inflation Index for Financial Year 1981-82 is 100, for Financial Year 1985-86 is 133 and for Financial Year 2006-07 is 519. You are required to compute the Income from Capital Gains for the assessment Year 2007-08.

Q.5 (a) Define and Explain the following as per Income Tax-Act 1961 (any two): 6

(i) Person

(ii) Company

(iii) Previous year

(b) Enumerate any Eight items of Investments / Payments eligible for deduction u/s 80C of the Income Tax Act, 1961. 8

Q. 6 Answer any seven of the following questions with reference to Assessment Year 2007-08 14

i. Aayushi received a gift of Rs. 11,000 from her father at the time of her marriage. Aayushi claims that Rs. 11,000 is not taxable in her hands. Is her claim correct?

ii. Mr. Ramdas retired from a Government Organisation. He received pension @Rs. 5,000 p.m. during the previous year 2006-07. He claims this pension as exempt being received from a Government Organisation. Is his claim

correct?

- iii. Mr. Pandharinath is working in a private organisation. He gets entertainment allowance of Rs. 7,000 during the previous year 2006-07. Can he claim entertainment allowance deduction u/s 16(ii)?
- iv. Mr. Bhuvan paid his Life Insurance premium of Rs. 6,000 in cash. Is he eligible for deduction u/s 80C?
- v. Miss. Aalisha receives Rs. 50,000 as rent from a vacant plot of land owned by her. She claims this income as 'Income from house property'. Is her claim correct?
- vi. Mrs. Sanchita owns two house properties in Mumbai. She occupies both the houses for her own stay. She claims Gross Annual value of both the properties as NIL. Is she correct?
- vii. Miss. Neha, the minor daughter of Mr. Nayak is a child artist. She earns income of Rs. 20,000 during the previous year 2006-07. Should her income be clubbed with the income of Mr. Nayak?
- viii. Mr. Nityanand purchased a house property on 1st May 2005 and sold it on 1st June 2007. He treats this property as a long term capital asset. Is his claim correct?
- ix. During the previous year 2006-07, Metasys Ltd. has to pay Rs. 2 lakhs as rent for their office premises. Should the company deduct tax at source while making the payment to the land lord?

Section II

Q. 7 Define and Explain the term 'Dealer' as per the provisions of the Central Sales Tax Act, 1956. 10
OR

Q. 7 Explain with reasons whether the following persons are 'Dealers' or not as per the provisions of the Central Sales Act, 1956.

- (i) A Teacher providing Free coaching to students
(ii) An Interior Decorator.
(iii) A watch manufacturer.
- (iv) A Money Lender.
(v) Mahanagar Gas Ltd., supplying piped Gas to its customers.

Q. 8 Mr. Limaye commenced his business on 1 st August 2007. Find out from which month he will be Liable for Registration and to pay tax as per the provisions of MVAT Act, 2002. Give reasons for your answer. The details of sales and purchases are as under: 10

Month	Purchases		Sales	
	Taxable	Tax Free	Taxable	Tax Free
	Rs.	Rs.	Rs.	Rs.
August 2007	6,000	40,000	8,000	60,000
September 2007	3,000	68,000	4,000	85,000
October 2007	2,000	98,000	3,000	1,20,000
November 2007	4,000	1,12,000	10,000	1,50,000
December 2007	3,000	88,000	15,000	35,000
January 2008	2,000	1,26,000	6,000	1,46,000
February 2008	6,000	86,000	4,000	1,00,000
March 2008	6,000	1,10,000	8,000	1,40,000

OR

Q. 8 Shri Deosthalee a Registered Dealer under MVAT Act 2002, furnishes you the following details about purchases and sales for the month of December 2007. Ascertain the Tax payable as per MVAT Act 2002.

Sales	Rs.	Sales Returns	Rs.
Schedule 'A' Goods	1,80,000	Schedule 'B' Goods	5,000
Schedule 'B' Goods	55,000	Schedule 'C' Goods	8,000
Schedule 'C' Goods	1,08,000	Schedule 'E' Goods	6,000
Schedule 'E' Goods	2,66,000	--	--
Purchases	Rs.	Purchase Returns	Rs.
Schedule 'A' Goods	1,20,000	Schedule 'C' Goods	2,000
Schedule 'C' Goods	1,62,000	Schedule 'E' Goods	4,000
Schedule 'E' Goods	2,04,000	--	--

Shri. Deosthalee has an Opening Balance (Credit) in VAT Credit Receivable Account of Rs. 4,500. Rates of Tax for Schedule A, B, C and E goods are NIL, 1%, 4% and 12.5% respectively.

Posted by [Kishore S Peshori](#) at 5:31 AM No comments:

March 2008

Section I

Q.1 From the following Profit and Loss Account of Mr. Shaswat Hegde, a senior citizen, compute his total Taxable Income for the Assessment Year 2007-08. 18

Profit and Loss Account for the year ended 31st March 2007			
Expenses	Rs.	Income	Rs.
To Salaries	76,000	By Gross Profit b/d	3,32,000
To Fire Insurance Premium	11,000	By Intrest on Deposits	--
To Staff Welfare expenses	18,000	with State Bank of India	--
To Postage and Telegram	3,000	(Gross Interest Rs. 20,000)	18,000
To Interest on proprietors capital	4,000	By Amount received on	--

To Travelling expenses	37,000	Maturity of LIC policy	50,000
To Miscellaneous expenses	21,000	--	--
To Repairs and Maintenance	7,000	--	--
To Donation	5,000	--	--
To Advertisement expenses	20,000	--	--
To Reserve for doubtful debts	5,000	--	--
To Depreciation	10,000	--	--
To Sales Tax paid	4,000	--	--
To Advance Income Tax	3,000	--	--
To Income Tax paid for P.Y. 2005-06	1,000	--	--
To Net Profit	1,75,000	--	--
--	4,00,000	--	4,00,000

Additional Information:

1. Depreciation as per Income Tax Rules is Hs. 15,000/-
2. Mr. Shaswat paid for self, medical Insurance Premium of Rs. 16,000/- by cheque.
3. Advertisement expenses include Rs. 15,000/- spent on advertising in a magazine published by a political party.
4. Repairs and maintenance include personal expenses of Rs. 2,000/
5. Donation is made to National Illness Assistance fund of Rs. 5,000/

Q 2. Shri Gangadhar Josh] took voluntary retirement on 1st October 2006. He has completed 28 years of service in Tech-India Ltd. He furnishes the following information for the year ended 31st March 2007. 14

1. Basic Salary Rs. 40,000/- per month
2. Dearness allowance @ 60% of Basic salary.
3. Entertainment allowance received Rs. 2,000/- per month.
4. Conveyance allowance received Rs. 1,500/- per month.
5. (Exempt u/s 10 @ Rs. 800/- per month)
6. Voluntary retirement compensation Rs. 8,50,000/
- 7 (Exempt u/s 10(10C) Rs. 5,00,000).
8. Leave encashment (fully exempt) 3 months basic.
9. Gratuity received (fully exempt) Rs. 2,34,000/-.
10. Professional Tax paid Rs. 2,500/-.
11. Commuted pension (1/3rd exempt) Rs. 96,000/-.
12. Uncommuted pension Rs. 10,000/- per month.
13. He paid Rs. 15,000/- towards LIC premium.
14. He donated Rs. 20,000/- to Prime Ministers National Relief Fund.
15. He donated clothes worth Rs. 20,000/- to an orphanage.

Compute his Net Taxable Income for the Assessment Year 2007-08.

Q. 3 Mrs. Gayatri Soman owns two houses in Mumbai. The particulars of her Income from properties for the year ended 31st March 2007 is as follows 14

(A)	Particulars	House Property I	House Property II
1.	Nature of occupancy	Self occupied	Let out
2.	Fair rent	Rs. 4,00,000	Rs. 6,00,000
3.	Municipal valuation	Rs. 4,20,000	Rs. 6,10,000
4.	Rent received	NIL	Rs. 6,50,000
5.	Municipal taxes paid on 15/03/2007	Rs. 30,000	Rs. 40,000
6.	Fire Insurance premium paid	Rs. 8,000	Rs. 10,000
7.	Rent collection charges	----	Rs. 8,000
8.	Land Revenue payable	Rs. 2,000	Rs. 3,000
9.	Interest paid on loan taken for construction of house property	Rs. 1,60,000	Rs. 1,50,000
10.	Date on which loan taken	26-11-2005	22-10-2004
11.	Repayment of principal amount of loan	Rs. 30,000	NIL.

(B) Mrs. Gayatri Soman also received the following other income :

1. Dividend from Mafatlal Industries Rs. 10,000
2. Interest on fixed deposits with Bank of India Rs. 20,000/-

(C) Mrs. Gayatri paid Medical Insurance premium of Rs. 18,000 -for self by cheque. Compute her Net Taxable Income for the Assessment Year 2007-08.

Q.4 (a) Shri Ram Gopal Desai, a citizen of USA has been staying in India since 1984. He leaves India on 16th July 2006 on a visit to USA and returns on 4th January 2007. Determine his residential status for the previous year 2006-07. 8

(b) Shri Vinod Gokhale purchased a residential house on 1st August 1978 for Rs. 2,00,000. The fair market value of the house on 1-4-1981 was Rs. 3,00,000. He incurred Rs. 1,00,000 towards cost of improvement during the previous year 1983-84. He sold the House on 31st December 2006 for Rs. 20,00,000. He paid brokerage of Rs. 50,000. The cost Inflation Index for Financial Year 1981-82 is 100 for Financial Year 1983-84 is 116 and for the Financial Year 2006-07 is 519. Compute the Income from capital gains of Shri Vinod Gokhale for the Assessment Year 2007-08. 6

Q.5 (a) Define and explain the following as per Income Tax Act 1961 (any two) 6

- (i) Assessee
- (ii) Person
- (iii) Previous year

(b) Enumerate and explain in brief the deductions available under section 24 of the Income Tax Act 1961, in computing Income from House Property. 8

Q. 6 Answer any seven of the following questions with reference to Assessment Year 2007-08 14

- i. Miss Smita received a gift of Rs. 21,000/- from her father at the time of her marriage. She claims that Rs. 21,000/- is not taxable in her hands. Is her claim correct ?
- ii. Mr. Satish received Dividend of Rs. 5,000/- from XYZ Ltd., an Indian company. Can he claim this dividend income as exempt u/s 10(34) ?
- iii. The minor daughter of Mr. Bharat earns interest of Rs. 5,000/- on fixed deposits which is clubbed with the income of Mr. Bharat. Is this clubbing of income correct ?
- iv. Mr. Pradeep earns Rs. 1,50,000/- during the previous year 2006-07 as interest on Public Provident Fund (PPF) account maintained with State Bank of India. Whether Tax needs to be deducted at source by State Bank of India ?
- v. Mrs. Shobha purchased a house property on 1st June 2004 and sold it on 1st April 2007. She treats this property as long term capital asset. Is her claim correct ?
- vi. Mr. Avinash who earns taxable salary from ABC Ltd., requests the employer not to deduct tax from his salary and offers to pay tax on his own. Is it correct for the employer not to deduct tax ?
- vii. Mr. Ambrish paid Life Insurance Premium of Rs. 10,000/- on behalf of his wife who is dependent on him. He claims deduction u/s 80 C. Is he right in claiming the deduction ?
- viii. Mrs. Kamla made a fixed deposit of Rs. 3,00,000/- in her husband's name on which earned interest of Rs. 25,000/-. He offers the same as his income in his income Tax returns. Whether it is correct ?
- ix. Mr. Joshi has invested Rs. 1,50,000/- in N.S.C. VIII issue during the previous year 2006-07. How much deduction can he claim u/s 80C ?

Section II

Q. 7 Define and explain the term 'Business' as per the provisions of the Central Sales Tax Act, 1956. 10

OR

Q. 7 Explain with reasons whether the following are 'Business Activities' or not as per the provisions of the Central Sales Tax Act, 1956.

- (i) Purchase of an office premise by a Business Organisation
- (ii) Sale of Machines by a Machinery Manufacturer at a loss.
- (iii) Jewellery and precious stones purchased as gifts to their clients, by a Business Organisation.
- (iv) Running of a Cyber Cafe.
- (v) Planting of saplings for beautification around the office.

Q. 8 Mr. Gadgil Commenced his Business as a Manufacturer on 1st February 2007. From the following particulars regarding purchases and Sales transactions, Find out from which month he will be liable for Registration and to pay Tax as per the provisions of MVAT Act 2002. Give Reasons. 10

Month	Details of Purchases	Details of Sales
--	Out of State	With in State
--	Taxable	Taxable Tax Free
--	Rs.	Rs. Rs. Rs.
February 2007	8,000	28,000 1 6,000 40,000 20,000
March 2007	1,000	20,000 5,000 23,000 16,000
April 2007	5,000	8,000 28,000 18,000 24,000

May 2007	4,000 20,000	18,000	26,000	18,000	
June 2007	3,000	15,000	24,000	20,000	16,000
July 2007	6,000	12,000	26,000	24,000	28,000
August 2007	8,000	16,000	14,000	12,000	16,000

OR

Q. 8 M/s Raje and Co., a Registered dealer under MVAT Act 2002, requests you to compute liability under MVAT Act 2002. for the month of March 2008 from the following information.

Sales	Rs.	Sales Returns	Rs.
Schedule 'A' Goods	1,00,000	Schedule 'A' Goods	20,000
Schedule 'B' Goods	50,000	Schedule 'E' Goods	20,000
Schedule 'E' Goods	2,20,000	--	--
Sale out of Maharashtra	1,50,000	--	--
Labour charges Received	75,000	--	--
--	5,95,000	--	40,000
Purchases	Rs.	Purchase Returns	Rs.
Schedule 'A' Goods	50,000	Schedule 'E' Goods	30,000
Schedule 'E' Goods	3,50,000	--	--
--	4,00,000	--	30,000

(i) There was an Opening Balance (Credit) in VAT credit Receivable Account of Rs. 12,000/

(ii) Rates of VAT for schedule A, B, and E Goods are NIL, 1% and 12.5% respectively.

Q. 9 Mr. Sushil Godbole has earned the following Income during the previous year ended 31st March 2007. 10

Particulars Amount	(Rs.)
(1) Interest from an Indian company received in London	1,000
(2) Pension from Former Employer in India received in USA	4,000

(3) Profit earned from a Business in Paris which is controlled in India	--
(half of the profits being received in India)	20,000
(4) Income from Agriculture in Bhutan and remitted to India	5,000
(5) Income from property in England received there	4,000
(6) Past untaxed Foreign Income brought to India	10,000
(7) Dividend from a Foreign Company Received in Thailand	5,000
(8) Professional fees received in India	7,000

Compute his total Income for the Assessment Year 2007-08 assuming

- (i) He is resident and Ordinarily resident
- (ii) He is Non-Resident.

Q. 10 Define and Explain the term 'Sale' under the provisions of Maharashtra Value Added Tax Act 2002. 10

OR

Explain with reasons whether the following transactions can be considered as 'Sale' under the provisions of the Maharashtra Value Added Tax Act, 2002.

- (a) Sale of washing machines on Hire Purchase System
- (b) Hypothecation of Goods
- (c) Transfer of Goods from Head office to Branch
- (d) Gift of Jewellery to a friend
- (e) Sale of Scrap.

Posted by [Kishore S Peshori](#) at 5:30 AM 1 comment:

October 2007

Section I

Q.1 From the following P & L Account of Mr. Sonavane, compute his total taxable income for Assessment year 2006-07 22

Profit and Loss Account for the year ended 31st March, 2006

Payments	Rs.	Receipts	Rs.
To Opening Stock	3,34,000	By Sales	10,40,000
To Purchases	9,00,000	By Closing Stock	3,05,000
To Office Salaries	71,000	By Income Tax Refund (Including Interest Rs. 2,000)	15,000
To Bad Debts written off	25,000	By Dividend from U.T.I	50,000
To Advertisement	10,500	By Lottery Prize Received	1,10,000

To Fire Insurance Premium	4,500	--	--
To Conveyance	6,000	--	--
To Interest on Proprietor's Capital	25,000	--	--
To General Expenses	55,000	--	--
To Wealth Tax	5,000	--	--
To Sales Tax Penalty	4,000	--	--
To Depreciation	30,000	--	--
To Net Profit	50,000	--	--
Total	15,20,000	Total	15,20,000

Additional Information:

- General Expenses include Advance Income Tax Rs. 10,000 and Rs. 500 for purchase of lottery tickets.
- Depreciation allowable as per Income Tax Rules Rs. 25,000.
- Purchases include Rs. 4,00,000 paid for cash purchases exceeding the limit of Rs. 20,000 prescribed under section 40 A(3) of Income Tax Act, 1961.
- Office salaries include Bonus due but not paid Rs. 16,500.
- Mr. Sonavane who is physically handicapped person with 60% disability paid premium for LIC Pension Policy Rs. 15,000.

Q 2. Mr. Dattatreya Rane is employed with Hi-Tech Ltd. He furnishes the following information for the Assessment Year 2006-2007. 16

(1) Net salary	Rs. 28,500 p.m.
(2) Income Tax deducted at source	Rs. 1,300 p.m.
(3) Professional tax deducted	Rs. 200 p.m.
(4) Bonus received during the year	Rs. 30,000
(5) Arrears of Salary received	Rs. 46,000
(6) Perquisite value of Gas, Water and Electricity	Rs. 12,000
(7) He took advance salary of Rs. 50,000 on account of marriage of his daughter.	--

(8) Mr. Dattatreya paid a LIC premium of Rs. 15,000 and Deposited Rs. 30,000 in his PPF A/c.	--
(9) Mr. Dattatreya is also a director of a company and received Rs. 5,000 as directors sitting fees.	--
(10) He received Rs. 4,000 as interest on fixed Deposits with State Bank of India.	--
(11) He donated Rs. 10,000 to Jawaharlal Nehru Memorial Fund during the year.	--

Compute his total income for the Assessment Year 2006-07.

Q. 3 Mr. Shastri owns two Houses, the details regarding these houses for the year ended 31-3-06 are as follows: 16

(a) The First House the fair Rent of which was Rs. 2,25,000 was let out at Rs. 20,000 p.m. He paid Rs. 6,000 as interest on Money Borrowed for construction of this house, Rs. 900 as ground Rent and Rs. 10,000 as Municipal Taxes.

(b) The Second House of the Annual value of Rs. 5,00,000 was occupied by him for his residence. Municipal Taxes paid by him were Rs. 25,000. He has borrowed Rs. 20 lakhs from HDFC Ltd. in April 2001 for acquiring this House property. Interest due for the year was Rs. 2,00,000 and he has repaid Rs. 40,000 out of the loan amount during the year.

The details of his other Income during the year 2005-2006 are as follows:

(i) Directorship fees received from JDC Ltd. Rs. 1,60,000.

(ii) Winning from lottery Rs. 1,00,000.

Mr. Shastri donated Rs. 5,000 as medical aid to a poor person and also donated books worth Rs. 10,000 to an approved Institution.

Compute the Net. Taxable Income of Mr. Shastri for the previous year 2005-06 relevant to Assessment Year 2006-07.

Q.4 (a) Mr. Sandeep has earned the following income during the previous year ended 31st March 2006. 8

(1) Professional fees received in India for 3 months	18,000
(2) Payment received in U.K. for services rendered in India	16,000
(3) Income from business in Australia, controlled from India	14,000
(4) Income from Agriculture in Bangladesh	12,000
(5) Dividend from a foreign company received in U.K.	10,000
(6) Amount brought into India out of the past untaxed profits earned in U.S.A.	18,000

Compute his total income assuming:

(i) He is resident and Ordinarily resident.

(ii) Non resident.

(b) Mr. Ranade purchased a house property for Rs. 2,50,000 on 6th July 1980. He made addition to the house property by constructing a first floor during the financial year 1995-96 spending Rs. 2,00,000. He sold the entire property on 10th June 2005 for Rs. 60,00,000. He paid brokerage @ 1% on the sale value. The fair market value of the property on 1st April 1981 was Rs. 3,50,000. The cost inflation index for financial year 1981-82 is 100, for financial year 1995-96 is 281 and for financial year 2005-06 is 497. (6)

Compute the Capital gain of Mr. Ranade chargeable to tax for Assessment Year 2006-07.

Q.5 (a) Define and explain the following as per Income Tax Act, 1961 (any two): 6

(i) Person.

(ii) Assessee.

(iii) Company.

(b) Enumerate any eight income which are Taxable under the head. "Income from other sources under Income Tax Act 1961. (8)

Q. 6 Answer any seven of the following questions briefly with reference to Assessment Year 2006-07. 8

(1) Rajaram received Rs. 7,50,000 as compensation on voluntary retirement and claims that entire amount is exempt u/s 10 (10c). Is he right? (2) A, B and C are co-owners of a house-property which is self occupied by the co-owners. They claim that the annual value for each co-owner shall be Nil. Are they right?

(3) What is the maximum amount exempt in case of Leave Encashment to non-Government employees?

(4) Sadashiv transferred his house-property to his wife Rekha with an agreement to live apart. In whose hands the income from property will be taxable?

(5) Tushar carrying on an agency business received a sum of Rs. 12,00,000 from his principal for termination of agency. He claims that compensation received shall be exempt as it is a capital receipt. Is he right?

(6) Kumar purchased equity shares worth Rs. 80,000 on 18th November 2004 and sold them for Rs. 1,20,000 on 25th November 2005. He claims the gain as a short term capital gain. Is he right?

(7) Amar has earned Rs. 5,000 from a lottery ticket and claims Rs. 500 as a deduction for purchase of lottery tickets. Can he avail this deduction?

(8) Is Interest credited to public Provident Fund fully exempt from tax?

(9) Mr. Shashank has paid Rs. 1,00,000 towards premium on pension fund policy of LIC of India. What is the amount of deduction he can claim from his Gross total Income?

Section II

Q. 7 Define and Explain the term 'Dealer' as per provisions of the Central Sales Tax Act, 1956. 10

OR

Explain with reasons whether the following persons are 'Dealers' or not as per the provisions of the Central Sales Tax Act, 1956.

(a) a Civil Contractor.

(b) a Cardiologist, supplying cardiogram to his patients

(c) a Film star.

(d) a Teacher of 'Feng Shui'

(e) a Chemist.

Q. 8 Mr. Nene Commenced his Business as a Manufacturer on 1st June 2006. From the following particulars regarding purchases and sales transactions, find out from which month he will be liable for Registration and to pay tax as per the provisions of MVAT ACT 2002. 10 (Give Reasons).

Month	Details	of	Purchases	Details of	Sales
--	Out of state	Within	state	Taxable	Tax Free

--	Taxable	Taxable	Taxfree	Rs.	Rs.
--	Rs.	Rs.	Rs.	--	--
June 2006	2,000	3,000	10,000	12,000	5,000
July 2006	6,000	6,000	12,000	10,000	25,000
Aug. 2006	2,000	--	10,000	15,000	10,000
Sept, 2006	10,000	4,000	15,000	18,000	--
Oct. 2006	3,000	3,000	18,000	20,000	12,000
Nov. 2006	4,000	15,000	12,000	15,000	30,000
Dec. 2006	5,000	3,000	20,000	10,000	15,000

OR

M/s. Phutane & Co. Furnishes the following data, you are required to compute the amount payable as Tax under, MVAT Act 2002.

Month	--	Sales	--	Purchases
--	Schedule A	Schedule C	Schedule E	Schedule E
--	Rs.	Rs.	Rs.	Rs.
Oct. 2006	1,00,000	4,00,000	3,20,000	4,00,000
Nov. 2006	2,00,000	4,25,000	4,10,000	4,50,000
Dec. 2006	2,50,000	6,00,000	2,20,000	5,50,000

There was an opening Balance of Rs. 2,500 in the Vat credit Receivable Account on 1-10-06.

Posted by [Kishore S Peshori](#) at 5:30 AM 1 comment:

March 2007

Section I

Q.1 From the following Income and Expenditure Account of Dr. Kamble compute his total taxable income for Assessment year 2006-07. 18

Income and Expenditures Account for the year ended 31-3-2006			
Expenditure	Rs.	Income	Rs.
To Staff Salaries	1,20,000	By Consulting Fees	4,00,000

To Dispensary Expenses	67,500	By Visit Fees	1,00,000
To Dispensary Rent	60,000	By Gifts from Patients	40,000
To Purchase of Medicines	45,000	By Sale of Medicines at the Dispensary	80,000
To Income Tax	35,000	By Rent from House Property	1,20,000
To Professional Fees to Doctors	22,000	--	--
To Car Expenses (for Profession)	36,400	--	--
To Membership Fees	2,000	--	--
To Municipal Tax for Rented House	12,000	--	--
To Interest on Housing Loan for Rented House	18,000	--	--
To Printing Charges	4,000	--	--
To Depreciation	48,000	--	--
To Charity	1,500	--	--
To Surplus for the Year	2,68,600	--	--
Total	7,40,000	Total	7,40,000

Additional Information:

1. Gifts from patients include Rs. 1,000 from his father in personal capacity.
2. Depreciation as per Income Tax Rules Rs. 45,000.
3. He paid medical insurance premiums of Rs. 8,000 by cheque.
4. He purchased National Savings Certificates of Rs. 30,000 and paid Life Insurance Premium of Rs. 60,000.
5. He paid Rs. 20,000 to Nationalised Bank towards Principle of Housing Loan.

Q 2. Mr. Chintan Chitale a severely physically disabled person (85%) is employed with Pidilite Industries. He furnishes you the following information for the year ended 31st March, 2006. 14

- (a) Basic Salary Rs. 30,000 p.m.
- (b) Dearness Allowance @ 20% of Basic Salary.
- (c) Profession Tax deducted at Rs. 200 p.m.
- (d) Bonus Rs. 30,000.
- (e) House Rent Allowance (fully taxable) Rs. 800 P.M.
- (f) Perquisite value of Gas, Water and Electricity Rs. 2,500.
- (g) Arrears of Salary received as per revised pay scale. Net arrears Rs. 50,000, Tax deducted at source on arrears of salary Rs. 15,000.
- (h) He owned a residential house which was used for his own residence. Fair rent Rs. 50,000 and Municipal valuation of the house was Rs. 60,000.
He spent the following amounts during the year:
 - (i) Municipal taxes paid Rs. 6,000.
 - (ii) Insurance of Property Rs. 2,000.

- (iii) Interest on Housing Loan from ICICI Bank Rs. 40,000 (Loantaken in August 2004).
 (iv) He paid Rs. 4,000 by cheque to GIC for Medical Insurance for his health.
 Compute the total income of Mr. Chintan Chitale for the Assessment Year 2006-07.

Q. 3 Ms. Netra who is totally blind, has let out her house property situated at Navi Mumbai for Residential purpose. The details of the said property for the year ended 31st March 2006 are as follows: 14

- (a) Rent Received Rs. 1,20,000.
 (b) Municipal Valuation Rs. 1,00,000.
 (c) Fair Rent Rs. 1,50,000.
 (d) Municipal Taxes paid by Tenant Rs. 10,000.
 (e) Interest on Loan taken from ICICI Bank for construction of house property Rs. 35,000. Loan was taken in April 1997.

Following are the details of other income earned by her during the year.

- (i) Interest accrued on NSC, Rs. 20,000.
 (ii) Interest accrued on Public Provident Fund account Rs. 5,000.
 (iii) Dividend from M/s. Raymond Ltd. Rs. 10,000.
 (iv) Interest Accrued on private loans to friend and relatives Rs. 60,000.
 Compute the Net Taxable Income of Ms. Netra for Financial Year 2005-06, relevant to Assessment Year 2006-07.

Q.4 (a) Mr. Abhijeet, an Indian Citizen, furnishes the following particulars of income earned during the previous year relevant to assessment year 2006-07. 6

(a) Professional Fees received in India	Rs. 22,000
(b) Income earned in India but received in Paris	Rs. 24,000
(c) Dividend on shares of Indian Companies	Rs. 10,000
(d) Salary earned and received in France	Rs. 28,000
(e) Income from Agriculture in Nepal	Rs. 30,000
(f) Income from Business in UK controlled from India	Rs. 32,000

Compute his Income for Assessment Year 2006-07 assuming the residential status as:

- (a) Resident and Ordinarily Resident in India.
 (b) Non Resident in India.
 (b) Mr. Kanade purchased a House property for Rs. 1,25,000 on 16th August, 1971. He made the following addition to the House Property. Cost of Construction of 1st Floor in Financial Year 1985-86 Rs. 2,25,000. (6)
 The Fair Market value of the property on 1-4-81 was Rs. 3,50,000. He sold the property on 15th September, 2005 for Rs. 35 lakhs. He paid the Brokerage of Rs. 25,000 for the sale transactions. The cost inflation index for Financial Year 1981-82 is 100, for Financial Year 1985-86 is 133 and for Financial Year 2005-06 is 497.
 Compute the Capital Gain of Mr. Kanade chargeable to tax for Assessment Year 2006-07.

Q.5 (a) Define and Explain the following as per Income Tax Act, 1961 (any two): 6

- (i) Assessee.
 (ii) Person.
 (iii) Previous Year.
 (b) Enumerate and Explain any Four deductions allowable from the Income under the Head Profits and Gains of Business under the Income Tax Act, 1961. (8)

Q. 6 Answer any seven of the following questions briefly with reference to Assessment Year 2006-07: 14

- (a) Mr. Ajinkya donated articles worth Rs. 20,000 to flood affected areas. Can he claim this as a deduction u/s 80G?
- (b) Vinayak received Rs. 15,000 as a birthday gift from his father. Vinayak claims Rs. 15,000 is not taxable in his hands. Is he right?
- (c) Manoj working as a manager of an agricultural estate received Rs. 1,20,000 as salary and claims it as his agricultural income. Is he right?
- (d) Mr. Purohit, lecturer in Adarsh College Mumbai, received Rs. 8,000 as examinership fees from University of Mumbai. He claims it as income from other sources. Is he right?
- (e) Ajay has two house properties. Both are self occupied. He claims that annual value of both houses shall be NIL. Is he right?
- (f) Varun paid interest on loan of Rs. 1,30,000 before commencement of production in his business. He claims this as a revenue expenditure. Is he right?
- (g) Mrs. Savitribai received a family pension of Rs. 60,000 during 2005-06. She claims a standard deduction to the extent of 1/3rd of such pension. Is she right?
- (h) Shri Kamble pays Rs. 1,25,000 as premium on his Life Insurance Policy. What is the maximum amount of deduction available u/s 80C?
- (i) M/s. Sanglikar Pvt. Ltd. paid to M/s. Kokane & Co. Chartered Accountants sum of Rs. 30,000 as retainership fees during the previous year ending 31st March 2006 without deducting any tax at source. Are they right?

Section II

Q. 7 Define and Explain the term 'Sale' as per the provisions of the Central Sales Tax Act, 1956. 10

OR

Explain with reasons, whether the following are 'sale' as per the provisions of the Central Sales Tax Act, 1956.

- (a) Pledge of Goods.
 (b) Sale of Washing Machines on Hire Purchase System.
 (c) Sale of Medicines by a Doctor.
 (d) Catering Services in a Marriage Function.
 (e) Transfer of Goods from 'Factory' to the Branch.

Q. 8 Mr. Lele commenced his Business on 1st February, 2006. Find out from which month he will be liable for Registration and to pay Tax as per the provisions of MVAT Act, 2002. Give reasons for your answer. The details of his sales and purchases are as under: 10

--	Purchases	--	Sales	--
Month	TaxableRs.	Tax FreeRs.	TaxableRs.	Tax Free Rs.
February 2006	8,000	50,000	4,000	95,000
March 2006	3,000	32,000	5,000	45,000
April 2006	4,000	2,10,000	1,000	3,05,000
May 2006	5,000	1,75,000	6,000	1,90,000
June 2006	2,000	2,00,000	2,000	2,10,000
July 2006	4,000	2,50,000	5,000	2,75,000

August 2006	4,000	1,70,000	4,000	1,90,000
September 2006	6,000	1,80,000	8,000	2,20,000

OR

Calculate the Set Off and Tax Payable under MVAT Act 2002 from the following details of August 2006 of M/s. Ragnekar Associates.

Particular	TotalRs.
Local purchases from Registered Dealers	12,00,000
Purchases from Unregistered Dealers	2,00,000
Sales Price of Goods	20,00,000
Inter State Stock Transfer	4,00,000

The ratio of Stock Transfer to total sales 20%. M/s. Ragnekar Associates had an Opening Balance (Credit) in VAT Credit Receivable Account of Rs. 12,500.

Posted by [Kishore S Peshori](#) at 5:30 AM No comments:

October 2006

Q.1 (a) Mr. Sham provides the following Profit and Loss account for the year ended 31-3- 2005. 22
Profit and Loss Account for the year ended 31st March, 2005

Payments	Rs.	Receipts	Rs.
To Salaries	1,30,000	By Gross Profit	7,67,000
To Rent	30,000	By U.T.I. Dividend	9,000
To Printing and Stationery	25,000	By Income form LIC Mutual Fund	5,000
To Advertisement Expenses	50,000	By Gift from Mother	5,000
To Entertainment Expenses	18,000	By Winning from Cross Word Puzzle	12,000
To Motor Car Expenses	30,000	By Interest on National Saving Certificates	3,000

To Personal Drawings	60,000	--	--
To Embezzlement by an Employee	7,000	--	--
To Staff Welfare Expenses	70,000	--	--
To Donations	30,000	--	--
To Depreciation	35,000	--	--
To Income Tax	16,000	--	--
Net Profit	3,00,000	--	--
Total	8,01,000	Total	8,01,000

Additional Information:

1. Depreciation as per Income Tax Rule is Rs. 38,000.
2. Staff welfare expenses include Rs. 20,000 for his own medical treatment.
3. 50% of the rent is paid for his residential house.
4. Printing includes Rs. 5,000 paid for printing marriage cards for his daughter's marriage.
5. Donations are made to
 - (a) The National Sports Fund Rs. 10,000.
 - (b) The Indira Gandhi Memorial Trust Rs. 8,000.
 - (c) The Prime Minister's National Relief Fund Rs. 12,000.

Compute the net taxable income of Mr. Sham for Assessment year 2005-06.

Q 2. Mr. Kadam a severally handicapped person (85%) took voluntary retirement on 1st Jan., 2005 after completing 25 years of service in a Private Company. He furnishes the following information for the year ended 31st March, 16

Basic Salary	Rs.20,000 p.m.
Dearness Allowance	@ 80% of Basic Salary
Conveyance Allowance Received	Rs.800/- P.M.
(Actual Conveyance Expenses Rs. 800/- p.m.)	--
Voluntary Retirement Compensation	Rs. 7,65,000
Profession Tax Paid	Rs.2,500/-
Gratuity Received (Fully exempt.)	Rs.1,78,600/-
Commuted Pension (1/3 rd exempt.)	Rs. 84,000/-

Uncommuted Pension.	Rs. 3,000 p.m.
Leave Encashment (Exempt. Upto 10 months)	2 Months Basic.
Reimbursement of Medical Expenses	Rs. 12,000

He was presented a gift cheque of Rs. 10,000 by his colleagues by collecting voluntary contribution.

He paid Medical Insurance Premium on 10th March, 2005 of Rs. 15,000/- by cheque.
Compute his net taxable income for year 2005-06.

Q. 3 Mr. Wadekar owns two houses in Mumbai, the particulars of which are as follows for the previous year 2004-05: 16

Particulars	House Property I	House Property II
Nature of occupancy	Let out	Self-Occupied
Municipal Valuation	Rs. 2,00,000	Rs. 3,00,000
Fair rent	Rs. 1,90,000	Rs. 2,70,000
Rent received	Rs. 3,50,000	Rs. NIL
Municipal taxes paid on 1/3/2005	Rs. 20,000	Rs. 30,000
Fire Insurance Premium paid	Rs. 3,000	Rs. 5,000
Collection charges	Rs. 1,000	Rs. NIL
Land revenue payable	Rs. 1,500	Rs. 2,400
Interest paid on loan taken for construction of house property	Rs. 1,60,000	Rs. 40,000
Repayment of principal amount of Loan	Rs. 50,000	Rs. 10,000
Date on which loan was taken	20/12/1999	25/1/1998

Mr. Wadekar also received the following Income during the previous year 2004-2005.

- Royalty on book written by him Rs. 25,000.
- Dividend received from co-operative society Rs. 5,000.

(c) Interest received on debentures from Indian Company Rs. 5,000

He contributed Rs. 11,000/- to L.I.C. Pension Fund Policy.

Compute the Net Taxable Income of Mr. Wadekar for the previous year 2004-05 relevant to assessment year 2005-06.

Q.4 (a) Miss Sanjali, an Indian citizen, furnishes the following information of her income earned during the previous year 2004-05. 8

(i) Professional fees received in India Rs. 10,000.

(ii) Income earned in India but received in France Rs. 15,000.

(iii) Dividend on shares of Indian co-operative bank received in India Rs. 7,000.

(iv) Salary earned and received in France Rs. 5,000.

You are required to find out her 'Gross Total Income' for assessment year 2005-06 if she is alternatively.

(i) Resident and Ordinarily Resident.

(ii) Resident But Not Ordinarily Resident and

(iii) Non Resident.

(b) Mr. Parag purchased a residential flat on 02/05/2002 for Rs. 10,00,000. He paid on the same day the stamp duty and registration charges of Rs. 48,750 on purchase of flat. He sold the said flat on 17/03/2005 for Rs. 12,00,000. The cost Inflation Index for F.Y. 2002-03 is 447 and for F.Y. 2004-05 is 480. Compute his Capital.(8) Gain Chargeable to tax for assessment year 2005-2006.

Q.5 Answer any eight questions with reference to Assessment Year 2005-06: 16

1. What is the percentage of rebate available U/s 88 if the Gross total Income of an assessee exceeds Rs. 5 lakhs?
2. Mr. Sharad Bhide paid a Medical Insurance Premium to GIC of Rs. 6,000/- in cash on 15th February, 2005. Can he claim deduction U/s 80 D?
3. Mr. Manoj Shinde is physically handicapped (45%) as certified by medical authorities. He claims a deduction of Rs. 75,000/- U/s 80U Is he correct?
4. Mr. Shrinivas Gupte purchased a residential flat on 1st January, 2002 and sold it on 30th Dec, 2004. He claims the capital Gain as Long term. Is he correct?
5. Mr. Narayan has attained the age of 65 years on 15th November, 2004. Can he claim rebate U/s 88?
6. Mr. Kartik donated clothes and grains worth Rs. 25,000 to an approved Charitable Institution on 16th March, 2005. Can he claim deduction U/s 80 G?
7. Mr. Yogesh Datey has given his commercial property on rent of Rs. 1,00,000 p.m. He claims this as a business income. Is he right?
8. An Indian Company has its entire business in London. What is the residential status of the Company?
9. Mr. Mohan, son of Mr. Yeshwant, completed age of 18 years on 31st March, 2005. He earned Rs. 20,000 as interest on fixed deposits during the previous year 2004-05. In whose hands the income will be taxed?
10. Mr. P. has debited Rs. 20,000 as sales-tax to his P & L A/c which is unpaid till the due date of filing of his Income-tax return. Can he claim this as a allowable deduction?

Q.6 (a) Define and explain the following according to the Income Tax Act, 1961 (any two): 8

1. Person.
2. Previous Year.
3. Assessee.

(b) Explain the deductions u/s 24 available from income from House property for assessment year 2005-2006. 8

Section II

Q.7 (a) Explain when is a Sale or Purchase of Goods said to take place outside a state as per the provisions of the Central Sales Tax Act, 1956. 10

OR

- (a) Define and Explain the term 'Dealer' as per the provisions of the Central Sales Tax Act, 1956.
 (b) State with reasons whether the following persons are dealers as per the provisions of the Central Sales Tax Act 1956:
 (i) Company Secretary in Practice.
 (ii) Excise Consultant.
 (iii) Trader in Computers.

Q.8 Explain "Value Added Tax" (VAT) briefly. What are the benefits derived from VAT? 10

OR

Explain with reasons whether the following are 'Sales' as per the provisions of the Maharashtra Value Added Tax Act, 2002. (10)

- (a) Sale of scrap by a scrap dealer.
 (b) Mortgage of land.
 (c) Sale of liquor.
 (d) Consultancy provided by a Chartered Accountant.
 (e) Sale of second hand furniture by a dealer in furniture.

Q.9 The following information regarding the turnover of purchases and sales transactions is submitted by Mr. Hrishikesh, who started business on 1st May, 2005. Find out whether as per the provisions of the MVAT Act 2002, he is liable for registration and payment of Tax. Give reasons for your answer. (10)

Year & Month	Details of Purchases	--	--	Details of Sales	--
--	Within state	Outside the State	--	Taxfree Goods	Taxable Goods
2005	Taxfree Goods	Taxfree Goods	Taxable Goods	Rs.	Rs.
--	Rs.	Rs.	Rs.	--	--
May	90,000	4,000	5,500	85,000	4,000
June	1,02,000	3,500	3,500	1,50,000	3,500
July	1,50,000	6,000	2,500	1,75,000	1,500
Aug.	1,10,000	2,500	4,000	1,00,000	3,000
Sept,	1,75,000	1,500	3,000	2,50,000	3,500

OR

A dealer purchases the:-

Particular	TotalRs.	Input TaxRs.	Net PurchasesRs.
4% VAT Goods	7,80,000	30,000	7,50,000
12.5% VAT Goods	15,75,000	1,75,000	14,00,000
VAT Exempt Goods	1,50,000	NIL	1,50,000

Additional Information:

(a) VAT payable on sales made during the month is Rs. 3, 27,500/-.

(b) During December, 2005, the dealer utilized 4% VAT Goods costing Rs. 1, 50,000/- as input for manufacturing Exempted Goods.

(c) On 1st December, 2005 there was an opening balance of Rs. 10,000/- in VAT Credit Receivable/set off Account.

(d) The dealer has received a refund of Rs. 2,500/- out of VAT credit Receivable Account. Prepare a statement of Computation of Tax to be paid under the provisions of Maharashtra Value Added Tax Act 2002.

Posted by Kishore S Peshori at 5:30 AM No comments:

April 2006

Direct and Indirect Taxation April 2006

Time: 3Hours

Marks: 100

N.B:

1. Question No. 1 is **compulsory** and carries 22 marks.
2. Attempt any three questions from Question No. 2 to Question No. 6, each carrying 16 marks.
3. Attempt Question No. 7 to Question No. 9, each carrying 10 marks.
4. Answers to both the sections should be written in the same answer-book.

section I

Q.1.

Following is the Profit and Loss Account of Mr. Mangesh for the year ended 31st March, 2005: (22)

Profit and Loss Account for the year ended 31st March, 2005			
--	Rs.	--	Rs.
To Salaries	2,10,000	By Gross Profit	4,18,000
To Rent	20,000	By Interest on Bank F.D	8,000
To Postage	7,000	By Dividend from Indian Company.	20,000

To Stationery and Printing	27,000	By Dividend from Co-operative Bank	2,000
To Advertising	20,000	By Winning from Lottery	15,000
To Repairs to Office	22,700	To Interest on Debentures of	--
Conveyance	17,000	Limited Company	5,000
To Income tax	30,000	--	--
To Expenses in Connection with	--	--	--
Scrutiny case of Income Tax	4,000	--	--
To Fees paid to C.A. for Income Tax	10,000	--	--
To Miscellaneous Expenses	25,000	--	--
To Depreciation	5,000	--	--
To Donations	20,000	--	--
To Net Profit	50,300	--	--
Total	4,68,000	Total	4,68,000

Additional Information:

- (1) Salaries include bonus due to employees Rs. 30,000 which was not paid before the due date of filing Income Tax Return.
 - (2) Rent is paid for residential house of Mr. Mangesh.
 - (3) Repairs to office include a. one time cash payment of Rs. 20,000 on 18/08/2004.
 - (4) Miscellaneous expenses include purchase of shares of an Indian Company for Rs. 20,000.
 - (5) Donations include donation by cash Rs. 15,000 and donation of books worth Rs. 5,000 both to an approved charitable trust.
 - (6) Depreciation as per Income Tax Rules is Rs. 4,000.
- Compute the net taxable income of Mr. Mangesh for Assessment Year 2005-06.

Q.2.
Mr. Chandrakant Limaye is employed as a Lecturer in Modern College. He furnishes the following information for the year ending 31st March, 2005 (16)

(i) Gross Salary received	Rs. 30,000 p.m.
(ii) Rent free bun glow (perquisite value)	Rs. 5,000 p. a.
(iii) Leave Salary received	Rs. 15,000

(iv) Bonus received	Rs. 30,000
(v) Arrears of Salary received for (2002-03 and 2003-04)	--
On 17th March, 2005	Rs. 1, 50,000
(vi) Profession Tax deducted from salary	Rs. 200 p.m.
(vii) Examiner ship remuneration from college	Rs. 7,500
(viii) Reimbursement of Medical bills	Rs. 4,800

(ix) He spent Rs. 4,500/- for purchase of books for his employment.

(x) He took a Medical Insurance Policy from GIC on 31st March, 2005 by paying a premium of Rs. 10,000/- in cash.

(xi) He made the following donations during the year :

(a) Rs. 15,000 to National Cultural Fund

(b) Rs. 15,000 to Air force Central Welfare Fund

(c) Rs. 5,000 worth of books given free to poor students.

Mr. Chandrakant Limaye is a handicapped person to the extent of 60%. Compute his net taxable income for the Assessment Year 2005-06.

Q.3.

Mr. Sandeep Patil owns two houses in Mumbai, both of which are used by him for his own residence. The particulars of these houses are as follows for the previous year ended 31/3/2005: (14)

Particulars	House Property I	House Property II
Gross Municipal Valuation	Rs.2,25,000	Rs.3,50,000
Fair Rent	Rs.2,50,000	Rs.4,00,000
Municipal taxes due	Rs.25,000	Rs.35,000
paid	Rs.2,000	Rs.1,000
Repairs	Rs.2,000	Rs.3,000
Insurance Premium due	Rs.500	Rs.600
Ground rent due	Rs.150	Rs.200
Interest on funds borrowed for	--	--
Construction of house property	Rs.40,000	Rs. 40,000
Year in which loan was taken	1997	1998

He also received the following income during the previous year 2004-05:

- (a) Accrued Interest on N.S.C. (VII issue) Rs. 6,000
- (b) Winning from lottery Rs. 10,000
- (c) Interest on deposits with Bank of India Rs. 4,000
- (d) Interest on P.P.F. Rs. 5,000.

He also paid Medical Insurance Premium for self, by cheque of Rs. 3,000/-.

Compute the Net Taxable Income of Mr. Sandeep Patil for the previous year 2004-05, relevant to Assessment Year 2005-06.

Q.4.

a) Mr. Sanjay, an Indian Citizen went to U.S.A. for the first time for the purpose of employment on 8 10th May, 2004. He came back to India on 19th November, 2004. Find out his residential status for Assessment Year 2005-06. (8)

b) Mr. Kamlesh purchased a house property for Rs. 1, 00,000 on 27th August, 1978. He made the following additions/alterations to the house property.

Cost of construction of 1st floor in Financial Year 1983-84 Rs. 3, 00,000. Cost of construction of 2nd floor in Financial Year 1990-91 Rs. 4, 00,000. Fair Market Value of the property on 01/4/1981 was Rs. 5, 00,000. He sold the property on 20th October, 2004 for Rs. 55, 00,000. He paid the brokerage of Rs. 55,000 for the sale transaction. The Cost Inflation Index for Financial Year 1981-82 is 1017, for Financial Year 1983-84 is 116, for Financial Year 1990-91 is 182 and for Financial Year 2004-05 is 480. Compute the Capital gain of Mr. Kamlesh chargeable to tax for Assessment Year 2005-06.

Q.5.

Answer any eight of the following questions with reference to Assessment Year 2005-06:- (16)

1. Does clubbing of income include clubbing of losses also?
2. What is the amount of exemption available u/s. 10 when income of minor child is clubbed with the parent?
3. Mrs. Anuradha Patil who earns an 'Income from Business' attained the age of 65 years on 15th February, 2005. What is the maximum rebate she can claim?
4. Mr. Santosh Katdare has a gross salary of Rs. 96,000/- before giving any deduction u/s. 16, which is not less than 90% of his Gross Total Income. His allowable, investments for Sec. 88 are Rs. 20,000/-. He claims a rebate u/s. 88 @ 20%. Is he correct?
5. State whether remuneration received by a Member of Parliament is taxable as 'Income from Salary'?
6. Mr. Kapil Sawant purchased a flat on 1st June, 2002 for Rs. 4,00,000/ and sold it on 1st February, 2005 for Rs. 4, 75,000/-. He claims the capital gain as 'Long Term'. Is he correct?
7. "Rebate u/s. 88 is available to a partnership firm". Is the statement correct?
8. Mr. Ameya Patwardhan has paid Medical Insurance Premium of his brother who is totally dependent on him. Can he claim deduction u/s. 80 D?
9. A partner has received interest on capital from his partnership firm and claims it as "Income from Other Sources". Is he correct?
10. Mr. Ramesh transferred his tenanted house to Mr. Rajesh and received Rs. 3, 00,000 towards transfer of tenancy rights. Is he liable for Capital Gain Tax?

Q.6.

a) Define and explain the following according to the Income Tax Act, 1961. (Any two) (8)

1. Assesses.
2. Assessment Year.

3. Person.

b) Explain the various deductions u/s. 16 of the Income Tax Act, 1961 available from 'Income from Salary' for Assessment Year 2005-06. (8)

Section II

Q.7.
"Rates of Tax differ in varied Circumstances". Explain with reference to the provisions of Central Sales Tax Act, 1956. (10)

OR

Q.7. Explain with reasons whether the following are "Business Activities" as per the provisions of the Central Sales Tax Act, 1956.

- (a) Running of a Private Engineering College.
- (b) Plantation of Teak Trees.
- (c) Motor car purchased for personal use.
- (d) Export of Ice creams.
- (e) Running of a Restaurant.

Q.8.
(For REVISED COURSE)

Define and explain the terms 'Purchase Price' and 'Sale Price' as per the provisions of the Maharashtra Value Added Tax Act, 2002. (10) State with reasons whether the following are 'Goods' as per the provision of Maharashtra Value Added Tax Act, 2002:

- (a) Newspapers.
- (b) Mango Trees.
- (c) Equity Share of Siemens Ltd.
- (d) Residential Flat used for business.
- (e) Malai Kulfi.

Q.9.
(For REVISED COURSE)

Mrs. Divya commenced her business from 1st April, 2005. From following information furnished to you by her regarding purchase and sales transactions, find out from which month she will be liable for Registration and to pay tax as per the provisions of Maharashtra Value Added Tax Act, 2002. Give reasons for your answer. (10)

Year and Month	Details of Purchases	--	Details of Sales	--
--	Taxfree Goods	Taxable Goods	Taxfree Goods	Taxable Goods
--	Rs.	Rs.	Rs.	Rs.
April to July 2005	45,000	9,000	60,000	8,000
August 2005	1,00,000	20,000	1,20,000	25,000

September 2005	1,50,000	40,000	1,75,000	50,000
October 2005	80,000	50,000	20,000	15,000
November 2005	20,000	10,000	50,000	20,000
December 2005	1,00,000	25,000	1,20,000	40,000

OR

Q.9.

Mr. Vinu, a Registered Dealer of a Product covered under Schedule 'E' Sells Goods for Rs. 7,50,000/-.

The purchases required for the product is procured from Registered Dealers within the state as under: Material X Covered by Schedule 'C' Rs. 2,00,000.

Material Y covered by Schedule 'E' Rs. 4,00,000.

Mr. Vinu had an Opening Balance (Credit) in VAT credit receivable Account of Rs. 15,000/-Mr. Vinu had utilised material Y for manufacture of Exempted Goods.

Calculate the tax payable under MVAT Act, 2002.