

**M.COM [PART - II]****:- ACCOUNTS GROUP :-****DIRECT AND INDIRECT TAX****(PAPER - V) (JUNE - 2019)****Q. P. Code: 51198**

[Time: 3 hours]

[Total Marks: 100]

- N.B: (1) Question Nos. 1 and 2 from Section I are compulsory.  
 (2) Answer any one question from Question No. 3 and Question No. 4 from Section I  
 (3) Answer all the questions from Section II  
 (4) Figures to the right indicate full marks.  
 (5) Working notes forms part on answer.  
 (6) Use of simple calculator is permitted.

**SECTION - I**

- Q.1: Following is the profit and loss account of Glam & Co. a partnership firm for (20)  
 the year ending on 31<sup>st</sup> March, 2017.

Particular	Amount	Particular	Amount
To Cost of goods sold	27,00,000	By Sales	39,00,000
To Interest on Partners Capitals @ 10% p.a.	1,80,000	By Gross Rent of House Property ( Let Out for the year)	1,80,000
To Municipal Taxes on rented property.	45,000		
To Office Expenses	2,05,000		
To General Expenses	65,000		
To Partners Remuneration	2,70,000		
To Depreciation	70,000		
To Net Profit	5,45,000		
	40,80,000		40,80,000

Other Information:

- a) Office Expenses of Rs. 20,000 is not deductible under section 36 and 37 of Income Tax Act.  
 b) Depreciation as per Section 32 is Rs. 48000.  
 c) All the conditions of section 40(b) are satisfied.

Calculate the Taxable Income and Income Tax liability of the firm for the Assessment Year 2017-18.

- Q.2.(a) Select the most appropriate answer and rewrite the statement. (05)

1. Income deemed to accrue or arise in India is taxable in case of \_\_\_\_\_.  
 a) Resident only  
 b) Non-Resident.  
 c) Both R & OR and R but NOR.  
 d) All of above.
2. Un-commuted pension received by a government employee is \_\_\_\_\_.  
 a) Exempt  
 b) Taxable  
 c) one third is exempt.  
 d) Non of above.
3. Entertainment allowance is deductible to the extent of Rs. 5,000 for a \_\_\_\_\_.  
 a) Private company employee.  
 b) Government employee.  
 c) Private & Government employee.  
 d) Non of above.

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4. Municipal tax is deducted from \_\_\_\_\_.

- Net Annual Value
- Gross Annual Value
- Municipal Valuation
- Non of above.

5. Capital gain arises from the transfer of \_\_\_\_\_.

- An Asset.
- Any Fixed Asset.
- A capital asset.
- House Property only.

Q.2.b: State whether the following statements are true or false and rewrite. (05)

- Dividend declared by Indian company is fully exempt in the hands of shareholders.
- Total deduction u/s 80C and 80CCC cannot exceed Rs. 1,50,000.
- The premium u/s 80D can be paid by an individual for his parents.
- Advance tax is payable when tax liability exceeds Rs. 10,000.
- Salary received by partner of the firm is taxable as business income.

Q.2.c. Match the following. (05)

GROUP A		GROUP B	
1	Highest Tax Liability	A	Fully Exempt
2	Compulsory Acquisition of Capital Asset	B	If paid, allowed as business expenditure.
3	Gift from friends	C	Amount actually paid by assessee
4	Bonus to Employees	D	Fully taxable
5	Maximum Interest claim u/s 80E	E	Ordinary Resident.
		F	Treated as transfer

Q.3. Mr. Chimanrao is severely physically disabled (85%) is employed with DK Industries Pvt. Ltd. He furnishes you the following information for the year ended 31st March, 2017. (15)

- Basic Salary – Rs. 40,000 p.m.
- Dearness Allowance at 20% of Basic Salary.
- Profession tax deducted Rs. 200p.m.
- Bonus received Rs. 30,000.
- House Rent Allowance Rs. 800 p.m. fully taxable
- Perquisite value of Gas, Water and Electricity Rs. 5,000
- Arrears of Salary received as per the revised scales Net Arrears Rs. 1,00,000, Tax deducted at source on arrears of salary Rs. 30,000.
- He owned a residential house which was used for his own residence. Fair Rent Rs.1,00,000 and Municipal valuation of the house was Rs. 1,20,000.
- He spent the following amounts during the year
  - Municipal taxes paid Rs. 12,000
  - Insurance of property Rs. 4000
  - Interest on Housing Loan from PNBHFL Rs. 50,000 (Loan taken in November, 2014)
- He paid Rs. 8,000 by credit card to Birla Health Insurance.

Compute the Total Income and tax of Mr. Chimanrao for the Assessment Year 2017-18

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OR

- Q.4: Write Short notes (**any Three**) (15)
- Income from Other sources.
  - Short term Capital Gains
  - Scope of Income
  - Previous Year and Assessment Year
  - Pre-construction period Interest.

## SECTION II

- Q.5: Mr. Raja provides the following information of his receipts during the year 2016-17, classify the services as taxable or tax free and compute The taxable value of services for the year 2016-17 (Ignore threshold limit, All amounts are given excluding service tax). (10)

Sr. No.	Particulars	Amount Rs.
1.	Amount received for agricultural testing services	100000
2.	Free of cost services provided valued as	200000
3.	Salary received from X Ltd.	300000
4.	Amount received from leasing of vacant land for rearing of Goats	400000
5	Rent received for building rented to Income tax dept.	500000
6	Amount received on Consultancy of networking	600000
7	Remuneration received as Member of Parliament	700000
8	Amount received from sale of Agricultural products	800000
9	Amount received from supply of farm labour	900000

- Q.6: State whether the following are true or false (as per service tax) and rewrite (10)
- Service portion in execution in works contract is a declared service.
  - Rail fare or Air fare collected by travel agent in respect of service provided by him is included in the value of service.
  - Rule 7 is not applicable for payments made within 6 months from invoice date.
  - Point of Taxation is relevant for the purpose of calculation of service tax.
  - Services provided by an employee to employer during the course of his employment is within the ambit of service tax.
  - Transfer of title means change in custody.
  - There is no need to file NIL Return.
  - Service tax return is filed quarterly in case of Individual & HUF.
  - Admission to entertainment events is chargeable to service tax.
  - Service tax extends whole of India.

- Q.7: Mr. Kumar a service provider gives you the following details to determine his date of liability of registration for service tax and his service tax liability for the first quarter. (10)

Date	Service	Amount (Rs.)
06-05-2016	Taxable service to University Grants Commission	300000
16-05-2016	Service provided to Japan	400000
27-05-2016	Taxable services provided to client in Haryana	1500000

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28-05-2016	Services to Mr. Ram at Jammu & Kashmir	600000
30-05-2016	Taxable services provided in Imphal, Manipur	700000

- Q.8: Mr. Haresh commenced business on 27<sup>th</sup> March, 2016. From the following particulars regarding purchases and sales transaction find out from which date he will be liable for Registration and to pay tax as per the provisions of MVAT Act 2002. Give reasons. (10)

Date	Purchases		Sales	
	Taxable	Tax free	Taxable	Tax free
27-Mar-16	6,000	18,000	8,000	24,000
28-Mar-16	3,000	25,000	1,000	32,000
29-Mar-16	1,500	80,000	500	95,000
2-Apr-16	6,000	2,28,000	8,000	3,75,000
4-Apr-16	4,000	1,75,000	1,000	1,05,000
7-Apr-16	10,000	1,00,000	20,000	1,10,000
8-Apr-16	6,000	1,20,000	15,000	1,05,000
10-Apr-16	4,000	75,000	10,000	2,10,000
15-Apr-16	5,000	1,10,000	5,000	1,28,000

- Q.9: State whether the following statements are true or false and rewrite. (10)
- Sale of old newspaper is sale of goods as defined under MVAT, 2002.
  - “Manufacture”, is defined under MVAT, 2002 to include ornamenting.
  - Hypothecation of goods is excluded from the definition of “Sale” under MVAT, 2002
  - Transfer of goods from Head office to Branch is ‘not sale’ under MVAT, 2002.
  - Sales of goods falling under Schedule A are taxed at NIL rate.
  - A retailer selling liquor to consumers can opt for composition scheme.
  - Contractees can claim set off of composition amount charged by works contractors.
  - VAT is a form of sales tax collected by state government.
  - Delivery of goods on hire-purchase system is deemed sale.
  - The rate of set off in case of goods exempted from tax is ZERO.

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