



- 2 (a) What is dividend under Income Tax Act? Explain with extended meaning inclusive of distributions deemed as dividend. **7**
- (b) X purchases 1000 equity shares in A Ltd. at the rate of Rs. 16 per share (brokerage 1%) on 10-12-79. He gets 500 bonus shares on 10-1-84. Fair market value of shares of A Ltd. on 1-4-81 is Rs. 24. On 13-4-13, he transfers 1,000 original shares @ Rs. 300 per share (brokerage 1.5%). On 15-4-13, he transfers 500 bonus shares @ Rs. 310 per share (brokerage 1.5%). These shares are transferred in the Bombay Stock Exchange. Calculate the taxable capital gain of Mr. X for AY 2014-15. **6**
- 3 Four partners A, B, C and D are having a partnership business. They are thinking of converting the partnership firm into a private limited company. Calculate the tax liability of all the partners/ directors and partnership firm/ company for the assessment year 2014-15 in each of the following cases and decide whether they should convert their partnership firm into company or not. **13**

Partnership Firm	Private Company
1. Number of partners 4	1. Number of directors 4
2. Taxable income before interest and remuneration Rs. 14,00,000	2. Taxable income before payment of salary Rs. 14,00,000
3. Capital invested by each partner Rs. 3,75,000	3. Remuneration payable to directors:
4. Interest on capital 12%	Rs. 12,00,000 salary to each
5. Maximum remuneration as per income tax provisions	

- 4 Write short notes : (any two) **14**
- (1) Deduction to companies engaged in industrial research [Section 80IB]
- (2) Special provisions in respect of newly established undertakings in free trade zone (Section 10A)
- (3) Tax treatment in case of "Bonus to preference share holders"