



\* R B - 4 9 7 1 / 1 0 0 \*

**RB-4971**

**P. G. D. T. M. Examination**

**April / May – 2010**

**Law of Direct Taxes : Paper - I**

Time : 3 Hours]

[Total Marks : 70

**Instructions :**

(1)

नीचे दशांशवैध निशानीवाणी विगतो उत्तरवही पर अवश्य लपवी. Fillup strictly the details of signs on your answer book.	Seat No. :
Name of the Examination :	<input type="text"/>
<input type="text" value="P. G. D. T. M."/>	<input type="text"/>
Name of the Subject :	<input type="text"/>
<input type="text" value="Law of Direct Taxes - 1"/>	<input type="text"/>
Subject Code No. : <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="1"/>	<input type="text"/>
Section No. (1, 2,.....): <input type="text" value="1"/>	<input type="text"/>
	Student's Signature

- (2) Question No. 1 and 4 are **compulsory**.
- (3) Write both the section in **separate** answer books.
- (4) Figures to the right indicate full marks of question.
- (5) Show necessary calculations.

**SECTION - I**

1 Answer the following : 15

(i) Ramkrishna, a resident of India, aged 66 years, submits the following information for the previous year 2008-09.

- (a) Income from Salary ..... Rs. 2,26,000
- (b) Interest on F.D. with Banks..... Rs. 1,34,000  
(TDS Rs. 3000)
- (c) Long term capital gains..... Rs. 1,10,000
- (d) Short-term capital gain on sale  
of shares on which STT paid..... Rs. 10,000

He pays Rs. 5000 as life insurance premium of his married daughter and Rs. 40,000 premium of his spouse. He pays mediclaim of Rs. 6000 on health of his son's wife. Compute taxable income and compute tax payable for A.Y. 2009-10.

- (ii) Mr. Samir, a foreign citizen visits India every year in the month of April for 100 days since 1985. Find out residential status for the A.Y. 2009-10. Show necessary calculations.
- (iii) From the following particulars submitted by Zeel, compute her income from other sources for A.Y. 2009-10.

**Rs.**

Director's meeting fees .....	3,000
Interest on Fixed deposit (Net of TDS) .....	17,600
TDS on Interest on F.D.....	2,100
Dividend from Voltas Ltd. ....	200
Gift from friend .....	25,000
Interest on PPF .....	7,500
Family Pension Received.....	80,000
Lottery Prize received (gross) .....	1,50,000
TDS on Lottery Prize .....	5,000

- 2 Mr. Shiv aged 26 years has occupied two houses for his residential purpose and one house has been let out. The particulars are as under : 10

	House-I	House-II	House-III
Nature of Property	SOP	SOP	LOP
Municipal Valuation	96,000	1,08,500	1,50,000
Fair Rent	84,000	1,20,000	1,60,000
Standard Rent	80,000	N.A.	1,00,000
Actual Rent for 10 Months	NA	NA	2,40,000
Municipal tax paid	6,000	4,500	11,000
Municipal Tax Payable	—	4,500	—

The House III was vacant for 2 month. House III was constructed on 10.10.2007. The loan of Rs. 5,00,000 was taken for the purpose of construction @ 10% on 1.4.2006. During the year 2008-09, the interest payable was Rs. 38,000. Compute income from House property for A.Y. 2009-10.

**OR**

- 2 Mahesh sold gold ornaments on 16.7.2008 for a sum of Rs. 10,00,000. This gold was purchased in 1978 for Rs. 60,000 by his father. The fair market value of the gold as on 1.4.81 was Rs. 1,00,000. His father gifted the gold to Mahesh on 14.7.2008. He spent Rs. 2,00,000 till 31.7.2009 (the due date for filing of the return) on construction of a house property and deposited Rs. 5,00,000 on 31.7.2009 under capital gain scheme and a further sum of Rs. 1,50,000 on 31.8.2009. He withdrew from the capital gain scheme a sum of Rs. 4,00,000 for construction of the house property till the stipulated time. Compute the capital gain chargeable for A.Y. 2009-10 and 2012-13. 10

(Cost Inflation Index 1981-82 - 100; 2008-09 - 582).

- 3 Mrs. Rekha aged 45 years received the following income from X and Co. (FBT is not applicable during the year ending 31.3.2009) : 10

	<i>Rs.</i>
(i) Salary @ 19000 per month	2,28,000
(ii) Leave Travel Concession for Proceeding on leave (Expenditure Rs. 16,000)	14,000
(iii) Medical Allowance (Expenditure Rs. 2000)	9,400
(iv) Allowance for purchase and maintenance of uniform (Expenditure Rs. 8,000)	12,000
(v) Children Education Allowance for two children (Expenditure Rs. 4,500)	5,000
(vi) Free Service of Personal Attendant at a salary of	6,000
(vii) Free use of Employer's DVD player (Cost to the employer Rs. 25000. Year of purchase 2005-06)	
(viii) Free unfurnished flat in Mumbai for which employer is paying a monthly rent of Rs. 9,500/-.	

Compute income under the head salaries for A.Y. 2009-10.

OR

- 3 State with reasons whether the following expenses are admissible as deduction while computing income from business or profession.
- (i) Compensation paid to the widow and children of deceased employee of the factory on the orders of Labour Court.
  - (ii) Stock-in-trade was lost in fire, amounting to Rs. 12,000, debited to P and L Account.
  - (iii) Royalty payment of Rs. 50,000 to a non-resident on which no tax is deducted.
  - (iv) Outstanding bonus of Rs. 26,000 as on 31.3.2009 paid on 10.10.2009.
  - (v) Cash purchases of Rs. 40,000 on 2.6.2008.

## SECTION - II

- 4 Dr. Manan is running a clinic. His income and expenditure account for the year ending 31.3.2009 is given below :

15

Expenditure		Income	
Staff Salary	4,25,000	Fees	12,63,600
Consumables	12,250	Dividend from	
Medicine Consumed	3,65,200	Indian Companies	9,500
Depreciation	90,000	Winning from Lotteries	
Administrative		(net of TDS Rs. 12360)	1,27,640
Expenses	1,46,000	Presents and gifts	30,000
Donation to			
National Relief Fund	15,000		
Excess of Income			
over Expenditure	3,77,290		
	<b>14,30,740</b>		<b>14,30,740</b>

- (i) Depreciation as per income tax rules is ascertained at Rs. 52,000
- (ii) Medicine consumed include medicine of cost Rs. 16,000 used for his family.
- (iii) Fees receipts include Rs. 14,000 honorarium for valuing medical examination answer books.
- (iv) He has also received Rs. 57,860 on maturity of one LIC policy, not included in the above income and expenditure account.
- (v) He received Rs. 6000 per month as salary from a city care centre. This has not been included in the fees receipts credited to income and expenditure account.
- (vi) He has sold land in June-2008 for Rs. 6,00,000 (valuation as per stamp valuation authority Rs. 8,00,000). The land was acquired by him in October 1998 for Rs. 4,50,000.
- (vii) He has paid premium of one LIC policy Rs. 12,000.

Compute total income and tax thereon for A.Y. 2009-10. (Cost inflation index 2008-09 - 582, 1998-99 - 351)

5 Answer any two :

10

- (i) Krishna owns the following assets as on 1st April, 2008.

	<i>Rates of WDV as on Depreciation 1.4.2008</i>	
	<i>Rate</i>	<i>WDV</i>
Car	15%	3,60,000
Furniture	10%	95,000
Plant A	15%	1,65,000
Plant B	15%	2,52,000

The following assets have been acquired during the year :

<i>Assets</i>	<i>Rate of Depreciation</i>	<i>Cost of Acquisition</i>	<i>Date of Acquisition</i>
Furniture	10%	32,000	10-10-2008
Plant C	15%	1,50,000	3-10-2008

Plant B is sold for Rs. 1,65,000 and part of the furniture for Rs. 1,50,000. Compute depreciation or capital gain if any for A.Y. 2009-10.

- (ii) The following information is furnished by Shri Subhash Rao. Compute total income for A.Y. 2009-10 and tax liability.

Income from House Property A .....	1,50,000
Loss from House Property B .....	39,000
Business of Textiles - Profit .....	4,23,000
Short term Capital Loss .....	1,02,000
Long term capital gain .....	2,01,000
Lottery Prize .....	1,00,000
Brought forward speculative business loss of A.Y. 2004-05 .....	56,000
Unabsorbed depreciation of A.Y. 2001-02 .....	39,000
Brought forward loss of AY 2001-02 of provision store business which has been discontinued since AY 2004-05 .....	16,000
Investment in PPF. ....	15,000
NSC Purchased .....	10,000
Mediclaim of married son .....	5,000

- (iii) A, B and C are three partners of a firm. On 15.3.2009, the firm dissolved. The following assets are distributed to partners.

	<b>Residential House (taken by A)</b>	<b>Jewellery (taken by B)</b>	<b>Car (taken by C)</b>
Fair Market Value on 15.3.2009	20,60,000	1,60,000	70,000
Agreed value as per dissolution	15,90,000	2,50,000	65,000
Cost of Acquisition	4,50,000	56,000	1,05,000
W.D.V. of Car as per income-tax	—	—	19,500
Year of Acquisition	1952-53	1993-94	1983-84
Fair Market value as on 1.4.81	6,00,000	—	—

Compute capital gain for A.Y. 2009-10 (Cost Inflation Index : 1981-82-100; 1983-84-116; 1993-94-244; 2008-09-582).

- 6** Write short notes on any **two** : **10**
- (i) Tax Audit under Section 44 AB
- (ii) Cash credits and unexplained investment
- (iii) Revocable Transfer of Assets.