



**SB-0436**  
**Second Year B. Com. (Hon.) Examination**  
**March/April – 2011**  
**Taxation**  
**(B.C. 2.6)**

Time : 3 Hours]

[Total Marks : 70

Instructions :

(1)

<p>नीचे दशांशवले निशानीवाणी विगतो उत्तरवही पर अवश्य लખवी. Fillup strictly the details of signs on your answer book.</p> <p>Name of the Examination : ← <b>S. Y. B. Com. (Hon.)</b></p> <p>Name of the Subject : ← <b>Taxation (B.C. 2.6)</b></p> <p>← Subject Code No. : <b>0 4 3 6</b> ← Section No. (1, 2,.....): <b>NIL</b></p>	<p>Seat No. : <input type="text"/><input type="text"/><input type="text"/><input type="text"/><input type="text"/><input type="text"/></p> <div style="border: 1px solid black; border-radius: 15px; padding: 10px; text-align: center; width: 100%;">Student's Signature</div>
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- (2) All questions are compulsory.
- (3) Show necessary calculations where they form the part of your answer.

1 Answer briefly the following questions :

- (i) Explain the exceptions to previous year's rule. 2
- (ii) Explain the difference between an 'Association of Persons' and a 'Body of Individuals'. 2
- (iii) Mr. X an employee of M Ltd. receives Rs. 2,00,000 as gratuity (under the payment of Gratuity Act, 1972) on his retirement on 15<sup>th</sup> December, 2009. He has served the company for a period of 29 years and 7 months. At the time of retirement, his monthly salary and dearness allowance amounted to Rs. 4,000 and Rs. 2,240 respectively. Is the entire amount of gratuity exempt from income tax ? 2
- (iv) Give two illustrations of 'Property income exempt from tax'. 2

- (v) Shri Umang (an Indian citizen) gives the following particulars of the previous year 2009-10. 2

<i>Particulars</i>	<i>Rs.</i>
Gross Total Income .....	2,00,000
Donation to Prime Minister's National Relief fund .....	11,000
Donation to Government of India for Promotion of family planning .....	13,000
Donation to V.N.S.G. university (an approved institution) .....	6000

Determine the net income of Shri Umang for A.Y. 2010-11.

- 2 Compute the salary income of a specified employee, Sai for the previous year relevant to assessment year 2010-11 from the following data made available to you. 10

- (i) Basic salary : He joined on 1-7-2005 in the grade of 10,000-1,000-13,000-1,600-19,400, the increment falls due on 1<sup>st</sup> July every year.
- (ii) Dearness allowance 100% of basic salary.
- (iii) Bonus and commission : Rs. 32,000.
- (iv) Entertainment allowance Rs. 2,000 p.m.
- (v) Children education allowance Rs. 1,100 p.m. (He has only one child).
- (vi) The employer has provided him a flat (with furniture etc.) for which the employer pays rent of Rs. 1,600 p.m. The employer has spent Rs. 1,84,000 on furnishing.
- (vii) The employer has paid sweeper's salary@ Rs. 1,200 per month.
- (viii) The employer has reimbursed the medical expenses of Rs. 12,000 incurred by him for treatment of his family members.
- (ix) The employer has provided a car (without driver), all the expenses of maintenance are borne by the employee. The car is for office and private use. and has 1.8 Lt. cubic capacity engine.

- (x) The employer contributes @ 14% of basic pay towards his recognised provident fund.
- (xi) Interest credited to his P.F. a/c @ 9.5% is Rs. 12,000.
- (xii) The employer has made the following deductions from his pay :
- Employees Provident Fund contribution 14% of basic pay.
  - Professional Tax Rs. 200 per month.
  - Recovery of Token Rent for accommodation @ 10% of basic pay.
  - Recovery of excess commission paid during the year Rs. 4,000.

**3** Saburi (age : 56 years) owns three houses, particulars of which are as follows. **10**

<i>Particulars</i>	<i>House-I</i>	<i>House-II</i>	<i>House-III</i>
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Municipal valuation	60,000	10,000	1,90,000
Fair rent	78,000	36,000	1,90,000
Standard rent	72,400	24,000	1,80,000
Rent (if property is let out throughout the year.)	84,000	-	-
Unrealised rent	7,000	-	-
Municipal taxes :			
- Paid by saburi	-	1,000	18,000
- Paid by tenant	6,000	-	-
Date of completion of construction	31-5-2008	31-5-2008	1-4-2007
Repairs	2,000	4,000	6,000
Collection charges	500	-	-
Land revenue	800	600	1,200
Ground rent	600	800	-
Nature of occupation	Let-out for residence	Self-occupied for residence	Self-occupied for residence

House I remains vacant for 2 months from (March 16, 2010 to May 15, 2010). Saburi borrows Rs. 60,000, Rs. 80,000 and Rs. 1,30,000 for construction of house I, House II and House III respectively. Date of borrowing : July 1, 2003 and date of repayment of loan along with interest : December 31, 2007 Rate of interest 15 percent per annum.

Calculate taxable income from house property of Saburi for A.Y. 2010-11.

- 4 Tejas furnishes the following information relevant for the 10 assessment year 2010-11.

**Profit & Loss Account for the year ending March 31, 2010**

<i>Particulars</i>	<i>Rs.</i>	<i>Particulars</i>	<i>Rs.</i>
Office expenses	46,000	Gross profits	8,00,400
Sundry expenses	38,000	Sundry receipts	11,000
Entertainment expenses	6,000	Bad debts	
Audit fees	11,000	recovered (not	
Legal charges/expenses	4,000	allowed as	
Extension of building	6,000	deduction earlier)	7,100
Depreciation on plant		Customs duties	
and machinery	23,000	recovered from	
Salary to staff :		the Government	
- salary	43,000	(earlier allowed	
- Bonus	36,000	as deduction)	32,500
Contribution towards :		Gift received	
- Employees recognised		from mother	43,000
provident fund	15,000		
- Unapproved gratuity			
fund	4,000		
Sales tax	38,000		
Provision for sales tax	25,000		
Payment to an approved			
scientific research			
association for carrying			
on scientific research	19,000		
Net Profit	5,80,000		
	<b>8,94,000</b>		<b>8,94,000</b>

**Other information :**

- (i) As shown in the Profit and Loss Account Rs. 19,000 is paid to a scientific research association for purpose of carrying on approved scientific research in natural science not related to business of Tejas. Besides Tejas purchases a plant of Rs. 30,000 for the purpose of carrying on scientific research related to his business. Neither cost of plant nor depreciation thereon is debited to profit and loss account.
- (ii) Out of the bonus of Rs. 36,000 Rs. 4,000 is paid during 2009-10 and Rs. 26,000 is paid by July 31, 2010 (being due date of furnishing return of income.) The balance of Rs. 6,000 is however, paid in November 1, 2010.
- (iii) Depreciation on plant and machinery and extension of building as per income tax provision is Rs. 19,000.
- (iv) Sales tax of Rs. 38,000 includes :
  - (a) Interest for late payment of sales tax Rs. 1200
  - (b) Penalty for evading sales tax Rs. 16,000.
- (v) Provision for sales tax represents an outstanding sales tax liability which is however paid on July 10, 2010.
- (vi) Salary to staff includes a payment of pension of Rs. 5,000 to the widow of a former employee.

Determine the taxable income of Tejas from business for the assessment year 2010-11.

- 5 Kum. Apexa sold her following assets during the year ending 10 on 31<sup>st</sup> March, 2010

<i>Assets</i>	<i>Date of Purchase</i>	<i>Purchase Price Rs.</i>	<i>Date of Sales</i>	<i>Sales Price Rs.</i>	<i>Transfer Expenses Rs.</i>
Residential House (only one)	1-4-78	1,20,000	15-8-09	16,72,500	20,250
Reliance Ltd. shares	1-5-06	62,280	1-11-09	91,200	1,080
S.Ltd's shares	1-11-80	30,000	1-11-09	2,02,200	9,00
Jewellery	1-10-84	1,50,000	30-9-09	8,13,000	1,800
Debentures	1-7-80	1,20,000	2-3-10	1,45,200	1,200
Motor car (personal use)	1-10-06	1,86,000	31-12-09	1,65,000	-
New flat	30-12-09	6,00,000	-	-	-

**Other informations :**

- (i) She had incurred Rs. 72,000 in year 2004-05 for additional construction in house.
- (ii) The fair market value of assets on 1-4-81 were as under.
- |                   |              |
|-------------------|--------------|
| Residential House | Rs. 2,10,000 |
| Jewellery         | Rs. 2,40,000 |
| S. Ltd's shares   | Rs. 24,000   |
- (iii) Security Transaction Tax (S.T.T.) has been paid on the sale of Reliance Ltd. shares.
- (iv) No Security Transaction Tax (S.T.T) has been paid on the sale of shares in S Ltd.
- (v) Relevant index nos.
- |         |       |
|---------|-------|
| 1981-82 | : 100 |
| 1984-85 | : 125 |
| 2004-05 | : 480 |
| 2006-07 | : 519 |
| 2009-10 | : 632 |
- (vi) She has purchased a new flat immediately after she sold her residential house.

Calculate the taxable capital gain for the assessment year 2010-11.

- 6 (a) Divita furnishes the following particulars of her income earned during the previous year relevant to the assessment year 2010-11. 6

<i>Particulars</i>	<i>Rs.</i>
Income from agriculture in U.S.A. received. there but later on remitted to India.	50,000
Interest from property in Canada received in India.	2,00,000
Income earned from business in Britain which is controlled from Mumbai (Rs. 3,00,000 is received in India.)	5,00,000
Past profits of earlier years from business in Japan brought to India in June-2009	1,00,000
Profit from a business in Mumbai and managed from outside India (50% of profit is received outside India.)	3,00,000
Interest on German Development bonds (one fifth of the total interest of Rs. 50,000 is received in India.)	50,000

Find out the total gross income of Divita for the A.Y. 2010-11.

- (1) If she is resident and ordinarily resident in India.
- (2) If she is resident but not ordinarily resident in India and
- (3) If she is non-resident in India.

- (b) Mr. Johnson is a foreign citizen, though employed in a foreign country has frequently visited India for a company's work as stated below. 4

Previous year		No. of days stayed in India
2005-06	:	275
2006-07	:	261
2007-08	:	365
2008-09	:	40
2009-10	:	62

Determine his residential status for the Assessment Year 2010-11.

- 7 Write short notes on : (any two) 10
- (i) Income exempted under Section - 10.
  - (ii) Powers given to On Assessing Officer.
  - (iii) casual income.
  - (iv) Deductions under Section 80 c.
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