



SB-4467

P. G. Diploma In Tax Management Examination
March / April – 2011
Law of Direct Taxes : Paper - II

Time : 3 Hours]

[Total Marks : 70

Instructions :

(1)

| | |
|--|----------------------|
| नीचे दर्शाविए 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. Diploma in Tax Management"/> | <input type="text"/> |
| Name of the Subject : | <input type="text"/> |
| <input type="text" value="Law of Direct Taxes : Paper - 2"/> | <input type="text"/> |
| Subject Code No. : <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="7"/> | <input type="text"/> |
| Section No. (1, 2,.....) : <input type="text" value="1&2"/> | <input type="text"/> |
| | Student's Signature |

(2) Question No. 1 in section -I and Q-4 in section -II are **compulsory**.

SECTION - I

- 1 (a) Comment with regard to TDS provisions of IT Act on the following payments made by Mr. Aryan Mukherjee who is covered u/s. 44AB of the IT Act, also quote proper section, rate and amount of TDS to be deducted on each payment for the Assessment year 2010-11. 10
- (i) Rs.25000 Paid to Khurana & Associates, Architectures towards consultancy fees on 15-6-2009
- (ii) Rs.19000 Paid to Mr. Kiran for labour contract on 20-6-2009
- (iii) Rs.20000 Paid to Mr. Akash for service contract on 30-06-2009
- (iv) Rs. 38000 Paid to Mr. Kiran for labour contract on 21-10-2009
- (v) Rs.28500 Paid to Mr.Akash for service contract on 30-11-2009
- (b) Write short notes on : (any one) 5
- (i) Power of Income Tax authorities regarding search under section 132.
- (ii) Penalties for concealment of income under section 271(1) C.

- 2 The total tax liability of Mr. Ranvir came to Rs.7.5 Lakhs. He had already paid the following instalments of Advance tax : 10
- 15-09-2009 Rs. 200000
 15-12-2009 Rs. 100000
 15-03-2010 Rs. 250000
- Calculate interest u/s 234B & 234C if return of income was filed before the due date 30th September for A.Y. 2010-11.

OR

- 2 Write short notes on : (any two) 5×2=10
- (i) Best judgement Assessment
 (ii) Revised Return
 (iii) Revision of Order u/s 264.
- 3 From the following details of income of Miss Shiela, the actress : 10
- (i) Remuneration received from Hari Om Entertainment Rs.50000 per month.
 (ii) Income from cultivation of Strawberries at Mahabaleshwar Rs.900000
 (iii) Income from interest on deposits Rs.300000
 (iv) Short term capital gain on sale of listed securities Rs.2100000 Estimated TDS Rs.50000
- Calculate her total taxable income and the break up of 3 advance tax instalments payable by her.

OR

- 3 Discuss in detail the ITR forms for each category of assessee. 10

SECTION - II

- 4 The profit and Loss of Trading firm M/s Mac Bee & Co. for the period ending on 31st March 2010 is as under : 15

| <i>Particulars</i> | <i>Rs.</i> | <i>Particulars</i> | <i>Rs.</i> |
|---|----------------|---------------------------|----------------|
| To Cost of Sales | 4700000 | By sales | 7200000 |
| To Interest on Capital @ 18% | 540000 | By interest on investment | 350000 |
| To Partners salary | | By Long term capital gain | 70000 |
| Mac | 500000 | | |
| Bee | 500000 | | |
| To other expenses | 250000 | | |
| To Donation paid to National Welfare fund | 260000 | | |
| To Net profit | 870000 | | |
| | 7620000 | | 7620000 |

Particulars :

- (i) Other expenses include Rs.50000 in cash towards professional fees.
- (ii) Rs.20000 VAT pertaining to year 2006-07 paid in current year but not included in above.
- (iii) Other expenses include Rs.30000 payable towards excise duty which was paid on 01-09-2010

Calculate Book Profit, remuneration deductible, total income and tax liability of the partnership firm for A.Y. 2010-11. Also calculate the individual tax liability of Mac and Bee from the following details of their income.

| Particulars | Mac Rs. | Bee Rs. |
|--|----------------|----------------|
| Income from House Property | 400000 | 700000 |
| Income from Winning (Gross) (Lotteries) | 450000 | 550000 |
| Long term Capital Gain | 8000 | 22000 |
| Investment in PPF | 50000 | 70000 |
| NSC | 70000 | 30000 |
| LIC | 35000 | 25000 |
| Tuition fees for Children | 15000 | 15000 |

- 5 Mr. George Richards, an individual furnishes the following particulars of his assets and liabilities as on 31-03-2010 : 10

Particulars Value (Rs in Lakhs)

Assets

| | |
|--|----|
| Residential House at Kolkata | 40 |
| Residential House at Ahmedabad | 29 |
| Plot of land comprising an area of 480 Sq.m. at Baroda | 70 |
| House at Baroda exclusively used for carrying on Business | 22 |
| Commercial Complex at Chandrapur | 28 |
| Motor car used for running them on hire | 33 |
| Shares of a company | 35 |
| Cash in Hand (Recorded in books) | 10 |
| Gold Jewellery | 20 |

Liabilities

| | |
|--|----|
| Loan borrowed for purchase of Land at Baroda | 35 |
| Loan borrowed for purchase of Shares | 18 |
| Loan borrowed for purchase of Jewellery | 10 |

Compute the Net Wealth after inclusion and exclusion of various items as on valuation data.

OR

- 5 (a) Definition of Assets as given u/s 2(ea) of Wealth Tax Act, 1957. 5
- (b) What are the conditions for claiming deductions of interest to Partner's u/s 40(b). 5
- 6 Profit and Loss account of M/s YPD Associates for the year ended 31-03-2010 : 10

| <i>Particulars</i> | <i>Rs.</i> | <i>Particulars</i> | <i>Rs.</i> |
|----------------------|----------------|-----------------------|----------------|
| Purchases | 1840000 | Sales | 5250000 |
| Sundry Expenses | 1250000 | Interest on Deposites | 85000 |
| Depreciation | 325000 | | |
| Interest to Partners | 150000 | | |
| Salary to Partners | 810000 | | |
| Net profit | 960000 | | |
| | 5335000 | | 5335000 |

Further information :

- (i) Depreciation allowable as per Income Tax Act is Rs.2,10,000
- (ii) Purchases include cash purchase of Rs.1,95,000
- (iii) Partners Y, P and D share profits in the ratio of 2:1:1
- (iv) Interest paid to partners at 15% p.a. and authorized by partnership deed.
- (v) Salaries paid to partners equally and authorise by partnership deed. Compute book profit and Total income of the firm.

OR

- 6 Remuneration to the Partners under the IT Act. 10