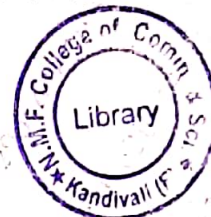


Paper / Subject Code: 23115 / Direct and Indirect Taxation Paper - I

Time : 3 Hours

Total Marks : 100

1. All Questions are compulsory carrying 20 marks each
2. Exercise internal options wherever given
3. Figures to the right represent full marks to the question
4. All questions should be answered w.r.t assessment year 2022-23.
5. All workings shall form part of the main answer.
6. Use of simple calculator is allowed

**Q.1 A : Multiple Choice questions (any ten)**

(10)

1. Surat Gram Panchayat is a _____
 a. Company
 b. Firm
 c. Local Authority
 d. Artificial Juridical Person
2. For a newly set up business, previous year can be _____
 a. of 12 months only
 b. more than 12 months
 c. 12 months or less than 12 months
 d. more than 24 months
3. Gratuity for non-government employees is exempt upto a maximum of _____
 a. Rs. 5,00,000
 b. Rs. 10,00,000
 c. Rs. 15,00,000
 d. Rs. 20,00,000
4. Employer Contribution to Recognised Provident Fund (RPF) is allowable upto a maximum of _____
 a. 10 % of salary
 b. 12% of salary
 c. 15% of salary
 d. 9.5% of salary
5. In the case of Income under the head "Income from House Property", the Municipal taxes will be allowed as a deduction only if it is paid by _____
 a. Owner
 b. Tenant
 c. both owner and tenant equally
 d. either by owner or tenant
6. Rent from letting out of a open plot of land for marriage, is taxable under the head of _____
 a. Income from Salary
 b. Income from House Property
 c. Income from Capital gains
 d. Income from Other sources
7. Depreciation is allowed in case of _____
 a. Tangible fixed assets only
 b. intangible assets only
 c. Tangible and Intangible assets
 d. Wasting assets
8. Gift received from a non-relative of Rs. 50000 is _____
 a. Taxable
 b. Non-Taxable
 c. a Business expenditure
 d. a business receipt
9. Mr. Nishi spends Rs. 5000 on the medical treatment of his dependent brother, who is physically handicapped to the extent of 65%. The deduction available to Mr. Nishi u/s 80DD will be Rs. _____
 a. Rs. 125000
 b. Rs. 75000
 c. Rs. 5000
 d. Rs. 150000
10. Salary of Member of Parliament is taxable under the head _____
 a. Income from Salary
 b. Income from House Property
 c. Income from Capital gains
 d. Income from other sources
11. Bonus to employees is taxable in the year of _____
 a. Accrual
 b. Receipt
 c. Accrual or receipt whichever is later
 d. Accrual or receipt, whichever is earlier

12. Professor Phadke, who is employed with AJ College of Commerce, received exam remuneration of Rs. 5300 during the previous year. The amount shall be taxed under the head of _____.

- a. Income from Salary
b. Income from House Property
c. Income from Capital gains
d. Income from Other sources

Q.1 B State whether the following statements are True or False (any ten) (10)

1. Deduction for Entertainment Allowance is available to all employees.
2. Agricultural Income in Nepal is exempt from tax.
3. Deduction U/s 80E is available to a Hindu Undivided Family.
4. Uncommuted pension received by Government employee after retirement is fully exempt from tax.
5. Unlisted Shares held for 18 months is a long term capital asset
6. Municipal tax paid by tenant is allowed as deduction for deemed to be let out property.
7. Cost inflation index is applicable for transfer expenses incurred on transfer of capital assets
8. Mediclaim premium paid by cash Rs.15,000 is allowed as deduction U/s 80D.
9. Dividend received from Indian company is fully exempt.
10. Income from Sub-letting of house property is taxable under the head of Income from Other Sources.
11. Capital gain on transfer of depreciable business assets is always short-term capital gain.
12. Thirumalai Devasthanam Temple is an example of Artificial Juridical Person.

Q.2 A:

Mr. Shastry works with M/s XYZ Traders. He gives you the following information for the year ended 31st March, 2022. (20)

Particulars	Rs.
1. Basic salary	8,00,000 per annum
2. Dearness allowance	25% of Basic salary
3. Commission received	1,00,000
4. Bonus	75,000
5. Advance salary received	87,500
6. House rent allowance [Exempt u/s 10(13A) Rs.25,000]	85,000 per annum
7 Entertainment allowance received	75,000 per annum
8. Medical Allowance	44,000
9. Profession tax deducted from salary	2,500 per annum
Other Information:	
10. Lottery prize received	55,000
11. Interest on term deposit with bank	66,000
12. Received maturity proceeds of Life Insurance policy	85,000
13 Interest on Income Tax refund	10,000
14 Gift from brother	70,000
15. Dividend from mutual fund	22,000
16. He paid contribution to LIC Pension Fund	17,500
17. Expenses incurred on maintenance of his dependent son, who is suffering from severe physical disability to the extent of 90%	1,00,000

Compute his taxable income for the Assessment year 2022-23.

OR

Q.2 B : Mr. Kushal is partially blind (55% disability). He gives the following details for previous year 2021-2022. (20)

Particulars	House 1	House 2
Nature	Self Occupied	Let out
Fair Rent	8,00,000	10,00,000
Municipal Valuation	10,00,000	12,00,000
Standard rent	10,00,000	12,00,000
Interest on Loan taken for construction of property	3,00,000	3,50,000
Municipal tax paid by tenant	-	10,000
Municipal tax paid by Kushal	12,000	12,000
Rent per month	-	1,50,000



Other information: Interest received on Saving Bank Account Rs.25,000. Winning from Lottery Net Rs.1,20,000 (TDS Rs.50,000). Dividend from the Tata Ltd Rs.5,000. Compute taxable income of Mr. Kushal for the Assessment year 2022-23.

Q.3 A : Following is the Profit and Loss Account of "Nilkanth Homes" owned by Mr. Prem Vijay, for the year ended 31st March, 2022: (20)

Particulars	RS(₹)	Particulars	RS(₹)
To Salaries	6,60,000	By Gross Profit	14,32,000
(including 3,60,000 Proprietor's salary)		By Refund of Income Tax	18,000
To Profession Tax	2,500	By Bank FDR Interest	18,000
To Loss by Theft	11,200	(Net of TDS of Rs. 2000)	
To Conveyance Exps.	1,300	By Savings Bank Interest	12,000
To Printing & Stationery	2,500	By NSC Accrued Interest	20,000
To Interest on Capital	30,000		
To Rent	12,000		
To Depreciation on :			
Furniture 10,000			
Computers 17,000	27,000		
To Interest on loan for son's Marriage	30,000		
To Personal Drawings	30,000		
To Net Profit	6,93,500		
TOTAL	15,00,000	TOTAL	15,00,000

Additional Information :

- He contributed to Pension Fund Rs. 60000.
- Depreciation as per Income Tax Rules is Rs. 47000.
- Loss by theft represent "shop-lifting" by customers.
- Drawings include Life Insurance Premium for self of Rs. 15000/-

Compute the Taxable Income of Mr.Prem Vijay for the Assessment year 2022-23.

OR

Q.3 B : Mr. Quinton Dsouza is the owner of "Bakes and Cakes". He provides you the following information for the year ended 31st March, 2022. (20)

Profit and Loss for the ended 31st March, 2022

Particulars	₹	Particulars	₹
To Salaries	2,75,000	By Gross profit	12,60,000
To Travelling Expenses	15,000	By Savings Bank Interest	12,500
To Advertisement	35,500	By LIC Maturity Proceeds	3,00,000
To Interest on Capital	18,000	By LIC Monthly Annuity	21,000
To Depreciation	17,500	By Bank FDR Interest	27,000
To Bad Debts	12,500		
To Misc. Expenses	40,000		
To Net Profit	12,07,000		
TOTAL	16,20,500	TOTAL	16,20,500

Following further information has been provided:

- a. Depreciation allowed as per Income Tax Rules is Rs. 21,000/-.
- b. Advertisement expenses includes Rs. 25,500/- spent for the advertisement in souvenir of a political party.
- c. Rs. 10,000/- paid as penalty imposed by Income-tax Officer, has been wrongly included in salaries.
- d. Miscellaneous expense include expense of Rs. 9,500 paid in cash for purchase of stationery and Rs. 10,000 paid towards life Insurance premium for wife.
- e. During the year, he had invested in Public Provident Fund account Rs. 150000

Compute the taxable income of Mr. Quinton Dsouza for the assessment year 2022-23

Q.4 A : Mr Parag Dabke purchased a house property on 20th June 1998 for Rs 19,50,000. He made the following additions/ alterations to the house property.

Cost of construction of 1st floor in the financial year 2011-12 Rs 10,00,000

Cost of construction of 2nd floor in the financial year 2017-18 Rs 4,50,000

He sold the property on 21st January 2022 for Rs. 2,85,50,000 paying brokerage of Rs 2,00,000

He invested Rs1,55,00,000 in a new residential property on 18.3.2022

He invested Rs 65,00,000 in Bonds of Power Finance Corporation Limited (Eligible) on 30th March 2022. The Fair market value of the property on 1.4.2001 was Rs 25,75,000

Relevant Cost Inflation Indices are as follows

Previous Year	Cost Inflation Index
2001-02	100
2011-12	184
2017-18	272
2021-22	317

Compute his Capital Gains for the Assessment Year 2022-23 (10)

Q.4 B : Mr. Rishi is a citizen of U.K., came to India for the first time on 1st April, 2017 and started a business in Pune He went back to U.K. on 1st May 2021 and came back to India on 22nd January, 2022.

Determine his Residential status for the Assessment year 2022-23. (10)

OR

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Q.4 C : Mr Padmanabh Sathe purchased a House property on 21st June 1999 for Rs 29,75,000 and paid Rs. 25000 for its registration.

He made the following additions/ alterations to the house property
Cost of construction of 1st floor in the financial year 2011-12 Rs 7,75,000
Cost of construction of 2nd floor in the financial year 2017-18 Rs 3,50,000



He sold the property on 21st February 2022 for 1,95,20,000 paying brokerage of Rs 2,50,000

He invested Rs1,05,00,000 in a new residential property on 18.3.2022

He invested Rs 15,00,000 in Bonds of Power Finance Corporation Limited (Eligible) on 30th March 2022. The Fair market value of the property on 1.4.2001 was Rs 32,00,000

Relevant Cost Inflation Indices are as follows

Previous Year	Cost Inflation Index
2001-02	100
2011-12	184
2017-18	272
2021-22	317

Compute his Capital Gains for the Assessment Year 2022-23 (10)

Q.4 D : Mr. Surendra has earned the following Income during the previous year ended on 31st March, 2022. (10)

Particulars	Rs.
1. Rent from house in Pune, received in Japan	6,00,000
2. Income from business in Spain, being controlled from India	4,00,000
3. Salary earned and received in Bangladesh	3,00,000
4. Professional fees received in India	2,00,000
5. Interest received from State bank of India, in Nagpur	1,00,000
6. Past untaxed profit earned outside India, brought to India	1,50,000
7. Agriculture Income earned in India received in Sri Lanka	1,00,000
8. Dividend from an American company received in Rome	1,50,000

Compute his total income for the assessment year 2022-23 assuming as follows:

- a) He is Resident and Ordinarily Resident
- b) He is Resident but not Ordinarily Resident

Q.5 A. Explain the provisions of Depreciation u/s 32 and the concept of Block of Assets as per the Income tax Act (10)

Q.5 B. Explain 'Perquisites' u/s 17(3) of the Income Tax Act 1961 and state any eight items of Tax-free perquisites. (10)

OR

Q.5 C : Write Short Notes (Any 4) (20)

- a) Taxability of Gift from Relatives under Income Tax Act, 1961.
- b) Annual Value of a Property
- c) Deduction for Interest on Housing Loan under Income tax Act
- d) Commutation of Pension
- e) Explain the term "Person" and "assessment year"
- f) Deduction u/s 80U of Income Tax Act
