

Total No. of Questions : 8]

SEAT No. :

P1240

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D.T.L.

Income Tax Act 1961
(Paper - II) (2006 Pattern)

Time : 3 Hours]

[Max. Marks : 100

Instructions to the candidates:

- 1) *Question No. 1 is compulsory and carries 20 marks.*
- 2) *Answer any five of the remaining carrying 16 marks each.*

Q1) Mrs. Naryani Working as 'Accountant' in Super India Ltd., Pune has given you the following details of her salary for the F.Y. 2013-14.

Basic Salary (Rs. 15,000 p.m.)	Rs. 1,80,000
D.A.	40% of Basic Salary
H.R.A.	10% of Basic Salary
C.C.A.	5% of Basic Salary
Educational allowance	2% of Basic Salary
Conveyance allowance	Rs. 12,000

Mrs. Narayani has got one son studying in Vth standard. She stays in a rented flat by paying monthly rent Rs. 3,000. She is provided with a car of 1200 cc for official and personal use. The entire expenditure of the car is borne by the employer. A chauffeur /driver is also provided with the car.

A medical expenditure of Rs. 15,500 is reimbursed by the employer. Mrs. Narayani has contributed Rs. 35,000 to the recognised provident fund. An equal amount is contributed by the employer also. Interest @15% has been credited to her recognised providend fund account amounting to Rs. 13,500.

You are required to compute income taxable under salary of Mrs. Narayani for the A.Y. 2014-15.

P.T.O.

Q2) The following is the profit and loss account for the year ended on 31st March 2014 furnished by Mr. Ashok.

Profit & Loss Account			
Particulars	Amount Rs.	Particulars	Amount Rs.
To Salary	40,000	By Gross Profit	3,57,000
To Advertisement	15,000	By Interest on Fixed deposit	19,000
To Repairs	27,500	By Dividend	6,000
To Fire Insurance	4,500	By Bad Debts Recovered	15,000
To Depreciation	36,000	By Commission	25,000
To Rent and Taxes	13,000	By Sundry Receipts	3,000
To Wealth Taxes	9,000		
To Sales Tax	25,000		
To Legal charges	8,000		
To R.D.D.	5,000		
To Banking Cash Transaction tax	8,000		
To Printing and stationary	4,500		
To Interest on capital	7,500		
To Bad Debts	9,000		
To Net Profit	2,13,000		
	4,25,000		4,25,000

Other Information:

- 1) Salary includes Rs. 3,000 paid to a domestic servant.
- 2) Repairs include Rs. 3,500 as repairing to the residential house.
- 3) Allowable amount of depreciation as per income tax rule is Rs. 32,000.
- 4) Sales tax includes Rs. 3,900 as penalty and Rs. 2,000 as interest for late payment of sales tax charged by the Sales Tax Authority.
- 5) Bad debts recovered were written - off in the year 2013-14 and admitted by the Income-tax Department.

You are required to compute taxable income of Mr. Ashok from business for the assessment year 2014-15.

Q3) What are the provisions regarding clubbing of Income under Income Tax Act? Discuss.

Q4) What is Capital Gain? Explain the deductions allowed from Capital Gain.

Q5) What do you understand by “Income from other sources”? State the main income which are included under this head.

Q6) Enumerate with reference to Section 10 of the Income Tax Act, 1961. Give five types of income which are exempt from tax.

Q7) Define perquisites. Illustrate with examples the method of valuation of rent free accommodation.

Q8) Write short notes on any three of the following:

- a) Previous year.
- b) Penalties.
- c) Return of Income.
- d) Best Judgement Assessment.
- e) Types of assessment.

