

V.P.M.'s K.G. Joshi College of Arts & N.G.Bedekar College of Commerce, Thane.
TYBSCOM - A & F 5TH SEMESTER
PRELIMINARY EXAMINATION OCT - 2008

TIME : 11.00 a.m. to 1.00 p.m.
CODE : 522-B

MARKS : 60
DATE : 10/10/2008

SUBJECT & PAPER : TAXN - III.

Instruction : 1] All questions are compulsory.

- Q.1 a) Mr. X is not covered by Payment of Gratuity Act . He retires on 29th Feb 2008. 15
after serving the Employer company for 18 yrs & 10 months. He was drawing a
salary of Rs. 5,000 pm utp Oct. 2007 & thereafter Rs. 6,000 per month. On
retirement, he gets gratuity of Rs. 67500. Compute this taxable salary assuming
he paid Rs. 2750 as profession Tax.
- b) Mr. X of ABC Ltd. retires on 31.10.2006. He gets pension of Rs. 2000 per month
upto 31.10.2007. With effect from November 1, 2007; he gets 60% of his pension
commuted for Rs. 30,000. Prior to 31.10.2006, he used to get Rs. 5,000 per month
as salary Rs. 3,000 as D.A. Determine his taxable salary under 2 situations.
- a) Gratuity is received by Mr. X
b) Gratuity is not received by Mr. X

OR

- Q.1 Define the following 15
- a) Income
b) Assessee
c) previous year & Asseshment year.

- Q.2 Mr. Ajay is the owner of house at Thane, the valuation of which is Rs.26,000/- 15
Fair Rent is Rs.24,000/-. The house is used by him for his own residential
purpose through out the P.Y. 2007-08. Following are the expenses incurred by
Mr. Ajay:

| | |
|-------------------------------|----------|
| a) Municipal Taxes | Rs. 5200 |
| b) Repairs | 2000 |
| c) Land Revenue | 3000 |
| d) Interest on Borrowed funds | 9500 |

[outstanding as on 31.03.2008]

Mr. Ajay borrowed Rs. 95000 on 1st April 2002 @ 10% per month
for the construction of house property ; the construction which was completed
on 1.4.2005.

Determine income from house property for Ay. 2008-09.

OR

- Q.2 a) Definition of salary & perquisite U/s 17(1) & 17(2) 15

Q.3 a) Compute the taxable income of Mr. Rajesh for the A.Y. 2007-08 for the following 15

- 1) Family pension Rs. 60,000 on Death of his father
- 2) Royalty from Books from publishers Rs. 30,000
- 3) Interest on FDR with Nationalised bank Rs. 10,000
- 4) Rent from vacant Land Rs.20,000
- 5) Fees received as Director of Company Rs. 30,000
- 6) Rent from Hire of machinery Rs.36,000

During the year he paid Life Insurance Premium Rs. 10,000 and Mediclaim in cash Rs. 5,000 Compute Taxable Income form A.Y. 2008-09.

b) Mr. Suresh Mehta staying in India left abroad, first time for Employment he left on 25th Sept. 2007, and came back to India on 1st April 2008.

Determine this residential status for A.Y. 2008-09, in he in in India for, 365 days during 4 P.y s preceding P.y. 2007-08.

OR

Q.3 Deduction U/s. 24 (House Property) 15

Deduction U/s. 16 (Salary Income)

Unrealised Rent, Arrears of Rent & Recovery of unrealised Rent & its treatment.

Q.4 Following is the Receipt & Payment A/c of Mr. Shah [a chartered Account] for 15 the year ended 31.3.2008.

| Receipts | Rs. | Payments | Rs. |
|---|-----------------|--------------------------------|-----------------|
| To op. Balance | | By Salaries | 24000 |
| Cash in Hand | 1500 | By Bonus to staff | 4800 |
| Cash at Bank | 3000 | By Printing & Stationary | 11,400 |
| To Consultation Fees | 1,00,000 | By Rent of office | 20,000 |
| To Audit Fees | 90,000 | [paid to wife] | |
| To gift from client | 10,000 | By Electricity changes | 9,850 |
| For excelent professional work | | By Telephone changes | 11,150 |
| To Winning from Horse Race | 20,000 | By Drawings | 60,000 |
| To Remuneration from | 10,000 | By Mediclaim Insurance premium | 11,000 |
| Articles published in Professional Journals | | By Miscellenous EXP | 14,000 |
| | | By Advance Tax | 10,000 |
| | | By Closing Balances: | |
| | | Cash | 8300 |
| | | Cash at Bank | 50000 |
| | <u>2,34,500</u> | | <u>2,34,500</u> |

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Additional Tuformation

- i) Rent paid is considered to the extent of Rs. 12,000/- only.
- ii) Depreciation on office furniture, computer etc as per IT Act 12000/-
- iii) Rs. 2500 out of misc. exp. considered to be for personal use.
- iv) Medical insurance menium paid by cheque

| | |
|------------|----------|
| For self | 3500/- |
| For wife | 3500/- |
| For brown | 2000/- |
| For sister | 2000/- |
| | 11,000/- |
| | 11,000/- |

Compute taxale for A.y. 2008-09 op Mr. Shah

OR

- Q.4 a)** Define : company, Person
- b) Rule U/s 6(1) & 6 (6) along with exception
- c) Profits in lieu of salary [Explain]
