

r / Subject Code: 72206 / Group A: Advanced Accounting, Corporate Accounting and Financial Management : Direct

Time: 2 Hours

Total Marks: 60

1. All Questions are compulsory of 15 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.

Q1. M/S GS Firm with Mr. Gold and Mr. Silver as partners have provided you with its profit and loss account for financial year 2021-22. They trade in FMCG goods under B2C business structure. You are required to compute the taxable income of the firm and its tax liability for the Assessment year 2022-23 (15)

Particulars	Amount (Rs)	Particulars	Amount (Rs)
To Office Salaries	30,400	By Gross Profit	10,58,650
To Postage	60,000	By Income from Sub letting	15,000
To Interest on Bank Overdraft	60,000	By Interest on Fixed Deposit	12,000
To Bad Debts	3,000	By Sale of export license	3,000
To Provision for Bad Debts	1,000		
To Travelling expenses of Salesman	1,750		
To Salary to Partners	2,25,000		
To Interest on Capital@ 15%	30,000		
To Advertisement expenses	17,500		
To Net Profit			
	Gold: 4,40,000		
	Silver: 2,20,000		
	10,88,650		10,88,650

Other Information

- a. Depreciation as per Section 32 is Rs 20000.
- b. Salaries are to be paid equally amongst the two partners i.e., Gold and Silver. Their profit-sharing ratio is 2:1
- c. Advertisement expenses include Rs 5000 paid to political party.

OR

Q1. Miss Rani is a Chartered Accountant. She furnishes following information for the year ended 31/03/2022. (15)

Receipt	Rs.	Payment	Rs.
To Balance b/d	1,75,000	By Salaries and Stipend	4,00,000
To Audit Fees	12,50,000	By Printing and Stationary	1,25,000
To Certification fees & Peer Review Remuneration	7,00,000	By Conveyance and travelling Expenses	6,00,000
To Rent from House Property	3,00,000	By Municipal tax	50,000
		By Personal Expenses	3,80,000
		By Membership Fees (ICAI)	25,000
		By Interest on Loan	1,50,000
		By Purchase Tax Saver Mutual Fund	2,60,000
		By Balance c/d	4,35,000
	24,25,000		24,25,000

Additional information:

1. Allowable Depreciation on Business Assets is Rs.75,000.
2. Personal expenses include Rs. 10,000 spend on medical treatment of her son.
3. Salaries include Rs.25,000 to office servants and Rs.30,000 to domestic servants.
4. 50% of the municipal tax is towards rented property.
5. Travelling expenses includes Rs.5,000 paid for travelling while on Peer review visit.
6. Two third of the interest is attributable towards housing loan and balance for business loan.
7. Miss Rani is Physically Challenged person. Her disability prescribed by Government Hospital is 80%.

Compute Tax payable by her for the assessment year 2022-23.

Q.2 : Mr. Ravi works is a sales manager of Raj Ltd. He gives you the following information for the year ended 31st March, 2022. (15)

Particulars	Amount (Rs)	
Basic salary (Gross)	50,000	per month
Dearness allowance	20,000	per month
Bonus	45,000	per annum
Commission on sales	55,000	per annum
Conveyance Allowance (Amount spent Rs. 16,000)	24,000	per annum
Perquisite value of Gas, Water and Electricity	35,000	per annum
Profession tax deducted from salary	2,500	per annum
Other Information:		
Dividend from Indian Companies	20,000	
Interest on saving bank account with Bank of Baroda	15,000	
Gift from Grandfather	51,000	

He paid Medical Insurance Premium for self, by cheque of Rs. 23,500

Compute Net Taxable Income for Assessment year 2022-23.

OR

Q.2 (15)

Mr. Nelson is a stage artist who entrusts his accounts for the assessment year 2022-23. From an analysis of his bank accounts, you find the following information:

Particulars	Rs.
1. Concert Receipts (local)	3,17,000
2. Royalty receipts from companies on record sold	10,000
3. Amount from Life Insurance Corporation on maturity of a policy in the name of wife	26,000
4. Dividend on Mutual Funds	10,150
5. Concert Costs	22,000
6. Motor car expenses- car used to attend concerts recording session etc	18,000
7. Rent paid (half premises used for professional purposes)	9,000

Mr Nelson also trains his disciples in his spare time and in the relevant year, he collected Rs. 12,000 in cash from his disciples which was used for household expenses.

His father had left some government securities on which he collected interest (gross) of Rs. 1200 in the year. He paid Rs. 5850 towards LIP premium and Rs. 40,000 towards medical insurance for self, spouse and dependent parents who are senior citizens. Compute Mr Nelson's Taxable Income.

Q3. Mr. Shankar owns two Houses. The details regarding these houses for the year ended 31-3-2022 are as follows: (15)

(a) The First House the fair rent of which was Rs. 5,00,000 was let out at Rs. 25,000 p.m. He paid Rs. 10,000 as interest on Money Borrowed for construction of this house, Rs. 1,000 as ground rent and Rs. 20,000 as Municipal Taxes.

(b) The Second House of the Annual value of Rs. 10,00,000 was occupied by him for his residence. Municipal Taxes paid by him were Rs.50,000. He has borrowed Rs. 20 lakhs from ICICI Ltd. in April 2015 for acquiring this House property. Interest due for the year was Rs. 2,00,000 and he has repaid Rs. 40,000 principal amount of the loan at the end of financial year.

The details of his other Income during the year 2021-22 are as follows:

- (i) Directorship fees received from JDC Ltd. Rs. 2,00,000.
- (ii) Winning from Horse races Rs. 4,00,000.
- (iii) Award received from Maharashtra Government Rs. 5,00,000.

He also paid Medical Insurance Premium for self, by cheque of Rs. 10,000.

Compute the Net Taxable Income of Mr. Shankar for the previous year ended 2021-22. relevant to Assessment Year 2022-23.

OR

Q3 A Determine the scope of total income in respect of the following incomes if the assessee is a (07)
(1) a resident and ordinarily resident
(2) a resident but not ordinarily resident:

a. Interest on Tata Motors Ltd Debentures, received in Sweden	Rs. 60,000
b. Profit from business in Jalgoan controlled from Jaipur	Rs. 50,000
c. Profit on sale of Plant at Bhilai	Rs. 40,000
d. Past Untaxed Profit of business in Dubai, now brought to India	Rs. 30,000
e. Pension from an Indian Employer received in Egypt	Rs. 1,20,000
f. Savings Bank Interest from State Bank of India, London Branch	Rs. 10,000

Q3.B Mr. Sunny shares the information of asset transferred by him during the financial year 2021-22. (08)

In December 1993, he had inherited a residential house from his father located in Goa. His father had bought the property in September 1991 for Rs. 9,78,000/-.

In November 1996, Mr. Sunny spent Rs. 8,68,000/- on the repairs and renovation of the said property

Fair Market Value of the said property as on 01.04.2001 was Rs. 24,35,000/-.

He sold the property on 16th August 2021 for Rs. 2,80,00,000/-.

2% brokerage is payable to Mr. Dalal, a real estate agent.

Out of the sale proceeds, he invested in the following assets:

- a. Purchased a New Residential house at Munnar for Rs.60,00,000/- on 14.03.2022.
- b. Invested in 3 years Bonds of National highway Authority of India (NHAI) Rs: 60,00,000/-
- c. Balance amount was placed in Bank FDR with IDBI Bank Ltd.

You are required to compute his capital gains liability for Assessment year 2022-2023.

(CII : 2001-02 : 100, 2018-19: 280 2019-20 : 289 2021-22 : 317)

Q4A. State whether following statements are True or False. (08)

1. Illegal Income is taxable under Income Tax Act 1961.
2. Limit of Investment in the 'Long term specified asset' U/S. 54EC by an assessee during any financial year should not exceed Rs 50,00,000.
3. University of Mumbai is assessable under Income Tax Act as a local authority.
4. Previous year can be a period of 12 months or less than 12 months.
5. Bonus is taxable on receipt basis only.
6. If house property is located in foreign country, the taxability of rental income from such property depends on the residential status of an individual.
7. Deduction under section 80E under chapter VI A i.e. Interest on Higher Education Loan is maximum allowable to Rs 1,50,000.
8. The due date for filing income tax return for an individual is 31st July.

Q4B. Choose the correct alternative and rewrite the sentence (07)

1. Employer's contribution to statutory provident fund is
 - a. Exempt upto 12% of salary
 - b. Exempt upto 9.5% of salary
 - c. Fully Taxable
 - d. Fully Exempt
2. Surcharge is applicable at ---% where the total income of an individual is between Rs 50,00,000 and Rs 1,00,00,000.
 - a. 5%
 - b. 10%
 - c. 15%
 - d. 20%
3. Rebate is available to an individual assessee whose income doesn't exceed Rs -----
 - a. Rs 5,00,000
 - b. Rs 10,00,000
 - c. Rs 2,50,000
 - d. Rs 20,00,000
4. Received Audi car worth Rs.80,00,000 on his birthday from Non-relative. The amount taxable under head as -----
 - a. Income from Business and Profession.
 - b. Income from Capital Gain
 - c. Income from other sources
 - d. Income from House Property

5. Received Interest on fixed deposit with bank of India Rs. 56,000 net of (TDS Rs. 4000), the amount taxable under income from other sources would be -----
 - a. Rs 60,000
 - b. Rs 56,000
 - c. Rs 4,000
 - d. Rs 52,000

6. Kirit came to India for the first time on 02.10.2020. He continues to stay in India thereafter. His residential status for AY 2022-23 would be -----
 - a. Resident
 - b. Resident and Ordinary Resident
 - c. Resident but Not Ordinary Resident
 - d. Non- Resident

7. The maximum limit for Pension Plan u/s 80 CCC is Rs -----
 - a. 1,00,000
 - b. 1,50,000
 - c. 2,50,000
 - d. 2,00,000

OR

Q. 4 Write shorts notes (Any 3)

(15)

- a. Assessee.
- b. Tax Treatment of Gratuity under Income Tax Act
- c. Deemed to be let out property
- d. Deduction u/s 80DD of chapter VI A.
- e. Due date of filing Income Tax Returns
