

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. Residential Status of an individual depends on the number of days of stay in India during the _____
a. Calendar Year
b. Accounting year
c. Assessment year
d. Previous year
2. Gift received from non-relative in excess of Rs. _____ is chargeable to tax
a. 5,000
b. 50,000
c. 5,00,000
d. 55,000
3. Ronaldo, a Brazilian national, visited India during the previous year 2021-22 for 150 days. Earlier to this he has never visited India. In this case, Ronaldo shall be
a. Resident but ordinary resident in India
b. Non-Resident
c. Not ordinary Resident in India
d. Citizen of India
4. Uncommuted pension received by a government employee is _____
a. Fully exempt
b. Fully Taxable
c. 1/3 is exempt
d. half is exempt
5. Interest credited to Recognised Provident Fund is _____
a. Fully exempt
b. Exempt upto 8.5%
c. Exempt upto 9.5%
d. Fully Taxable
6. In case of income from house property, Municipal taxes paid shall be allowed as a deduction from
a. Self-occupied property only
b. Let out property only
c. Let out and deemed to be let out property
d. Deemed to be let out property only
7. If an asset is put to use for less than _____ days in the year of purchase, the depreciation rate will be only 50% of the normal rate
a. 180
b. 150
c. 100
d. 250
8. Profit on sale of Import license is taxed under the Head _____
a. Income from salary
b. Profits and Gains from Business/Profession
c. Income from other sources
d. Income from capital gains
9. Capital assets are classified into two categories based on _____
a. Location of asset
b. Holding period of asset
c. Block of assets
d. Value of asset
10. In Income tax Act, 1961, deductions under Section 80C to 80U cannot exceed _____
a. Gross Total Income
b. Net taxable Income
c. Income from Capital gains
d. Income from other sources
11. Income from Horse racing is taxable under _____
a. Income from Salary
b. Income from Other sources
c. Income from Capital gains
d. Profits/ Gains from Business/Profession

Paper / Subject Code: 23057 / Direct and Indirect Taxes Paper I

12. Unlisted Shares in companies will be considered as short-term capital asset, if they are held for not more than ___ months before their transfer

- a. 12
b. 24
c. 36
d. 48

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

(10)

1. University of Mumbai is a Local Authority.
2. Interest on income tax refund is an income from other source.
3. If an Individual satisfies any one of the Basic conditions specified in Sec. 6(1) for residential status determination, he will be treated as Resident of India.
4. Taxability of Income of an Individual, under Income Tax Act, is determined on the basis of his Residential status in India.
5. Income earned outside India from a business controlled from India, is not taxable for a Non-Resident Person.
6. There are total five heads of income.
7. Maturity proceeds received by an employee under Keyman insurance Policy is taxable.
8. Amount received by an employee, upon his retirement, from an Unrecognised Provident Fund is fully taxable.
9. Gift received from father is fully taxable.
10. The maximum amount of deduction for interest on borrowed capital, for a Let out House property, is Rs.2,00,000.
11. A standard deduction of 33% of Gross Annual Value is allowed as deduction under the head of Income from House Property.
12. Gratuity received by Government employee at the time of retirement is Partially exempt from tax.

Q.2 A :

Mr. Prashant works with M/s Manohar Traders. He gives you the following information for the year ended 31st March, 2022.

(20)

Particulars	Rs.
1. Basic salary	
2. Dearness allowance	75,000 per month
3. Leave salary received	25,000 per month
4. Bonus received for earlier years	50,000
5. Medical allowance	65,000
6. House rent allowance [Exempt u/s 10(13A) Rs.35,000]	45,000 per annum
7 Entertainment allowance received	1,00,000 per annum
8. Perquisite value of accommodation provided by his employer	55,000 per annum
9. Profession tax deducted from salary	75,000 per annum
	2,500 per annum
Other Information:	
10. Lottery prize received	
11. Gift from friend	1,00,000
12. Rent from subletting (Rent paid Rs. 10,000)	51,000
13 Dividend from Co-operative bank	25,000
14 Interest on Fixed deposit with State bank of India	20,000
15. Directors sitting fees received	45,000
16. He paid interest on Education Loan taken from Bank of Baroda for his son, who is pursuing an Engineering degree from University of Mumbai	15,000
17. He spent on medical treatment of his dependent handicapped brother (50% disability)	22,500
	37,500

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

OR

Paper / Subject Code: 23057 / Direct and Indirect Taxes Paper I

Q.2 B : Mr. Varma has two Residential House Property. Property one is Let out for Business. The second property is used by Mr. Varma for his own residence. From the following details Compute taxable income of Mr. Varma for the Assessment year 2022-23. (20)

Details	Property 1	Property 2
Fair Rent	20,00,000	12,00,000
Municipal Valuation	24,00,000	10,00,000
Standard rent	18,00,000	11,00,000
Interest on Loan taken for construction of property	2,50,000	2,50,000
Municipal tax paid by tenant	10%	10%
Fire insurance premium	10,000	10,000
Rent per month	2,00,000	-

Received dividend from a Public Limited Company during the previous year Rs.80,000. Interest received Rs.50,000. He has received Rs.50,000 as award for writing book on Indirect Taxes. Expenses incurred for writing books is Rs.10,000. Mr. Varma is a director in AB Ltd. received Director seating fees Rs.10,000. He paid Rs.15,000 as Mediclaim premium (Rs.10,000 in cash). Mr. Varma paid LIC premium of Rs.2,00,000. He won Rs. 25000 in horse racing and spent Rs. 2000/- on betting.

Q.3 A : Mr. Bhuvanesh Dalvi, Proprietor of Dalvi and Co. furnishes you the following information for the year ended 31-3-2022. (20)

Profit and Loss Account for the Year ended 31st March, 2022

Debit	Rs.	Credit	Rs.
To Salaries	4,80,000	By Gross Profit	12,90,000
To Conveyance	30,000	By Dividend from Indian Companies (Net of TDS of Rs.10000)	90,000
To Interest on Proprietor's Loan	2,21,000	By Gift from father	60,000
To Interest on Proprietor's Capital	2,29,000	By Dividend from Co-operative Bank	10,000
To Repairs and Maintenance	28,000	By Bad Debts recovery	50,000
To Wealth Tax	22,000		
To Interest and Penalty on Wealth Tax	30,000		
To Travelling Expenses	47,000		
To Depreciation	55,000		
To Life Insurance Premium	55,000		
To Staff Welfare	40,000		
To Advertisement	10,000		
To Net Profit	2,53,000		
Total	15,00,000	Total	15,00,000

Additional Information:

- Depreciation as per Income Tax Rules Rs.40,000.
- Travelling Expenses include expenses for visiting his native place Rs.8,000.
- Mediclaim premium for his wife, was paid by cheque Rs.15,000 and Mediclaim paid for himself in cash Rs. 10,000/-.
- 50% of Life Insurance Premium is for the employees of the organisation and balance is personal life insurance premium of proprietor.
- Bad Debts recovered were previously claimed as bad debts.

You are required to compute his total Taxable Income for the Assessment Year 2022-23.

OR

Paper / Subject Code: 23057 / Direct and Indirect Taxes Paper I

Q.3 B : Mrs. Beena Mehta, a differently abled person having a disability of 85 %, owns a soap factory at Pune. Following is the Profit and Loss Account prepared by her for the accounting year 2021-22. (20)

Particulars	Rs.	Particulars	Rs.
To GST (incurred during year)	20,000	By Gross Profit	11,75,000
To Advertising	50,000	By House Property	6,25,000
To Professional Fee to brother	81,000	Income	
To Commission	26,000		
To Depreciation	46,000		
To Donation to Ganesh Mitra Mandal	51,000		
To Embezzlement by an employee	32,000		
To General expenses	35,000		
To Salary to staff	5,40,000		
To Office expenses	65,000		
To Discount to retailers	33,000		
To Sundry expenses	45,000		
To Profession Tax	12,000		
To Interest on Housing Loan	2,24,000		
To Provident Fund of Employees	40,000		
To Net Profit	5,00,000		
Total	18,00,000	Total	18,00,000

Further particulars-

- (1) GST paid for the financial year 2021-22 was 14000.
GST paid in advance is Rs. 6000
- (2) Professional Fees paid to Brother is considered as unreasonable.
- (3) Office expenses include Rs. 15,000/- paid as bribe.
- (4) General expenses include Rs. 15,000 being the municipal taxes in respect of house property.
- (5) Provident Fund of employees has not been paid to the Provident fund authorities, till the date of filing of return.
- (6) Depreciation as per Income tax rules is Rs.52000
- (7) Sundry Expenses represent personal Life Insurance Premium paid during the year.
- (8) Principal on housing loan repaid during the year Rs. 240000/-.

Compute her business income for the assessment year 2022-23.

Q.4 A : Mr Jayesh Wani purchased a house Property for Rs 20,50,000 on 15th December 2000.

He constructs a first floor during the financial year 2003-04 for Rs 2,00,000. He made further improvement in the financial year 2008-09 and 2011-12, where he constructed second and third floor for Rs 3,75,000 and Rs 5,15,000 respectively.

During the previous year 2021-22, on 20th September 2021 he sold the property for Rs 2,15,00,000, and paid brokerage of 1% on the sale value. The fair market value of the property on 1.4.2001 was Rs 21,75,000

He invested Rs 1,25,00,000 in a new residential property on 28.3.2022 and also invested Rs 40,00,000 in REC bonds on 18.3-2022

Compute his Capital Gains for the Assessment Year 2022-23

Relevant Cost Inflation Indices are as follows

Previous Year	Cost Inflation Index
2001-02	100
2003-04	109
2008-09	137
2011-12	184
2021-22	317

(10)

Paper / Subject Code: 23057 / Direct and Indirect Taxes Paper I

Q.4 B : Mr. Simon is a citizen of U.K., came to India for the first time on 1st May, 2017 and started a business in Thane. He went back to U.K. on 15th September, 2021 and came back to India on 14th December, 2021.

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

(10)

OR

Q.4 C : Mr Aniruddha Ghatpande purchased a house Property for Rs 35,50,000 on 16th December 2001. He constructs a first floor during the financial year 2007-08 for Rs 5,00,000. He made further improvement in the financial year 2012-13 and 2016-17, where he constructed second and third floor for Rs 6,50,000 and Rs 7,00,000 respectively. During the previous year 2021-22, on 8th February 2022 he sold the property for Rs 3,25,00,000, and paid brokerage of 2% on the sale value. The Fair Market value of the property on 1.4.2001 was Rs. 32,00,000/-

He invested Rs 2,10,00,000 in a new residential property on 15.3.2022 and also invested Rs 60,00,000 in REC bonds on 28.3-2022.

Compute his Capital Gains for the Assessment Year 2022-23.

Relevant Cost Inflation Indices are as follows

Previous Year	Cost Inflation Index
2001-02	100
2007-08	129
2012-13	200
2016-17	264
2021-22	317

(10)

Q.4 D: Mr. Kailash submits the following details relevant to the previous year ended on 31st March, 2022.

(10)

Particulars	Rs.
1. Income from Agriculture in Russia received in India	4,00,000
2. Profits from business in Singapore, controlled from India	2,00,000
3. Dividend from German Company received in Spain	1,50,000
4. Income from House property in India	1,00,000
5. Interest from deposits with Bank of Maharashtra in Pune.	50,000
6. Past untaxed profit earned outside India, brought to India	75,000
7. Interest from deposits with Bank of America, Amritsar Branch	50,000
8. Rent from property in Nagpur, received in Nagaland	75,000

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

- He is Resident and Ordinarily Resident
- He is Resident but not Ordinarily Resident

Q.5.A. State any ten items of Investments/payments eligible for deduction u/s 80C of the Income Tax Act 1961

(10)

Q.5 B. Explain the term 'Capital Asset u/s 2(14) of the Income Tax act 1961 and also explain the conditions for determining 'Short Term Capital Asset' and 'Long term Capital Asset'

(10)

OR

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

- a) Taxable Perquisites
- b) Taxability of Gratuity
- c) Deduction u/s 80 DD of Income Tax Act, 1961
- d) Deductions available under the head Income from other sources
- e) Examples of five Assets not treated as a Capital Asset
- f) Annual Value of a Property

(20)
