

TYBCOM
PRELIMINARY EXAM- JANUARY 2011- V. G. VAZE COLLEGE
SECTION I - DIRECT TAX

Q 1.

SOLUTION

MAX MARKS: 16

1 MARK FOR EACH STEP

NAME : MR. SONAVANE
 PREVIOUS YEAR : 2009-10

STATUS : INDIVIDUAL
 ASSESSMENT YEAR : 2010-11

COMPUTATION OF TOTAL INCOME	RS.	RS.	RS.
PROFITS FROM BUSINESS/ PROFESSION			
Net Profit as per P & L a/c		50,000.00	
Add :			
1 Lottery Tickets	500.00		
2 Interest on Capital	25,000.00		
3 Income Tax (Advance)	10,000.00		
4 Depreciation Debited to P& L A/c	30,000.00		
5 Payments Subject to 43B (Bonus)	16,500.00		
6 Sales Tax Penalty	4,000.00		
7 Wealth Tax	5,000.00		
8 Cash Paid exceed Rs. 20000 (100%*80000)	80,000.00	171,000.00	
		<u>221,000.00</u>	
Less :			
1 Tax Refund	15,000.00		
2 Dividends from UTI exempt	50,000.00		
3 Lottery Prize	110,000.00		
4 Depreciation (Allowed)	25,000.00	(200,000.00)	
Net Business Income			21,000.00
INCOME FROM OTHER SOURCES			
1 Lottery Prize	110,000.00		
2 Interest on Tax Refund	2,000.00		
GROSS TOTAL INCOME			112,000.00
			<u>133,000.00</u>
LESS : DEDUCTIONS UNDER CHAPTER VI A			
U/S 80CCC : LIC PENSION		15,000.00	
U/S 80U : HANDICAPPED		50,000.00	
		65,000.00	
DEDUCTION IS LIMITED TO GTI LESS LOTTERY INCOME (133000-110000)			(23,000.00)
NET TAXABLE INCOME (= LOTTERY PRIZE)			110,000.00

NOTES

CHAPTER VI A DEDUCTIONS CANNOT BE MADE OUT OF LOTTERY INCOME

Q 2. a

1 MARK FOR EACH STEP

MAX MARKS: 12

- 1 SEC 10 = INCOME EXEMPT FROM TAX
- 2 SEC 16 = STANDARD DEDUCTION
- 3 SEC 80D = DEDUCTION FOR MEDICLAIM PREMIUM
- 4 RENT ON MACHINERY = INCOME FROM OTHER SOURCES
- 5 INT ON HSG LOAN = DEDUCTION FOR INCOME FROM HOUSE PROPERTY

6 SEC 2 = DEFINATIONS

Q 2. b

- 1 WHOLE OF INDIA
- 2 ARTIFICIAL JURIDICAL PERSON
- 3 ASSESSMENT YEAR
- 4 5000
- 5 12 MONTHS
- 6 100000

Q 3. a

SOLUTION

MAX MARKS:6

NAME : MR. KANADE
PREVIOUS YEAR : 2009-10

STATUS : INDIVIDUAL
ASSESSMENT YEAR : 2010-11

COMPUTATION OF TOTAL INCOME

RS.

1 GROSS CONSIDERATION	3,500,000.00
1 LESS: BOKERAGE PAID ON SALE	25,000.00
NET SALE CONSIDERATION	3,475,000.00

LESS : COST OF PURCHASE

1 ON 16.08.1971	125,000.00
1 FMV ON 01.04.1981	350,000.00
INDEXED COST OF FMV 350000*632/100	2,212,000.00

ADD: COST OF IMPROVEMENT FY 1985-1986 = 225000

1 225000*632/133	1,069,173
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HENCE TOTAL COST

3,281,172.93

1 LONG TERM CAPITAL GAINS

193,827

Q 3. b

MAX MARKS:6

ITEM OF INCOME	1/2 MARK FOR EACH NATURE OF INCOME	ROR	NR
Agriculture in Bangladesh	Foreign Income	12,000.00	-
Business in Australia controlled from India	Foreign Income	14,000.00	-
Received in UK for services rendered in India	Income accrued in India	16,000.00	16,000.00
Prof. Fees Recd in India for 3 months	income recd in India	18,000.00	18,000.00
Dividend from Foreign Co. received in U.K.	Foreign Income	10,000.00	-
Amt Brought in India out of past untaxed Profit earned in USA	remittance, not income	-	
GRAND TOTAL		70,000.00	34,000.00

Q 4.

MAX MARKS: 12

COMPUTATION OF INCOME FROM SALARIES OF MR. DUTTA
P.Y 2009-10
A.Y. 2010-11

PARTICULARS	RS	RS
SALARY & ALLOWANCES		
1 NET 9000*12	108,000.00	
1 ADD : INCOME TAX 900*12	10,800.00	
1 PROF TAX 100*12	1,200.00	
SUB TOTAL - SALARY	120,000.00	
1 BONUS	6,000.00	
1 ARREARS OF SALARY	6,000.00	
1 ADVANCE SALARY	10,000.00	
1 ENTERTAINMENT ALLOWANCE RS. 750*12	9,000.00	151,000.00
PERQUISITES		
1 LIFE INSURANCE PREMIUM PAID BY EMPLOYER	5,000.00	
1 GAS & ELECTRICITY	10,000.00	15,000.00
1 GROSS TAXABLE SALARY		166,000.00
LESS : DEDUCTION UNDER S 16		
1 PROF. TAX		1,200.00
1 NET TAXABLE SALARY		164,800.00

Q 5 a

MAX MARKS:6

INCOME FROM HOUSE PROPERTY
NAME OF THE OWNER : MR KUNAL
P.Y 2009-10

A.Y 2010-11

SOP

1 Net Annual Value	Nil	
Less : Deduction u/s 24		
1 Interest on loans for construction	6,000.00	
Income From SOP- A		(6,000.00)

LOP

1 Gross Annual Value		30,000.00
1 Less : municipal Taxes paid by owner		9,600.00
Net Annual Value		20,400.00
Less : Deduction u/s 24		
1 Standard Deduction (30%*20400)	6,120.00	
1 Interest Payable	6,000.00	12,120.00
Income From Let Out-B		8,280.00

Total Income From House Property(A+B)

2,280.00

Q 5 b

1 MARK FOR EACH HEAD

COMPUTATION OF INCOME

MAX MARKS:6

NAME : MR DILIP

P.Y 2009-10

A.Y 2010-11

INCOME FROM OTHER SOURCES

1 Income from Agriculture Land in India (Exempt u/s 10 (1))		-
2 Income from Agriculture Land in Nepal		10,000.00
3 Rent from Subletting from Kapil Rs. 1000*12	12,000.00	
less : Rent paid Rs. 500*12	<u>6,000.00</u>	6,000.00
4 Interest :		
Bank Deposits	500.00	
PPF (Exempt u/s 10(11))	-	
Govt Securities - Net	12,000.00	
Add : TDS	<u>1,200.00</u>	13,700.00
5 Lottery Prize		
Net	50,000.00	
Add : TDS	<u>20,000.00</u>	70,000.00
(expense on purchasing lottery tickets not deductible)		
6 Interest on Income Tax Refund		500.00
GROSS TOTAL INCOME		100,200.00
