

T.Y.B.Com Examination, October 2009
Direct & Indirect Taxes

(3 Hours)

[Total Marks: 100

Section I

1. Mr. Moholkar furnishes you the following information for the year ended 31st March 2011. (18)

Profit and Loss Account for the year ended 31st March, 2011

Expenses	₹	Income	₹
To Salaries	1,60,000	By Gross Profit	7,00,000
To Printing & Stationery	25,000	By Winnings from Lotteries	15,000
To Conveyance	30,000	By NSC Interest Accrued	10,000
To Rent	24,000	By Dividend From Indian Company	10,000
To Entertainment Expenses	15,000		
To Advertisement Expenses	45,000		
To Depreciation	32,000		
To Advance Income Tax	10,000		
To Embezzlement by an Employee	2,000		
To Drawings	28,000		
To Staff Welfare Expenses	65,000		
To Net Profit	2,99,000		
	7,35,000		7,35,000

Other information:

- (1) Depreciation allowable under Income Tax Rules is ₹ 35,000
 - (2) Half of the Rent is attributable towards his residential flat.
 - (3) Staff welfare expenses include Rs. 15,000 incurred for medical treatment of his physically handicapped brother.
 - (4) He spent Rs. 100 for purchase of lottery tickets, debited to Drawings.
- You are required to compute his total taxable income for Assessment Year 2011-12.
2. Mr. Santosh Bhonsale who is physically disabled person (50% disability) as certified by medical authority is employed with Roshan College of Commerce. He furnishes the following information for the prevision year 2010-11. Compute his taxable income for A.Y. 2011-12. (18)

Basic Salary	₹ 25,000 p.m.
Dearness Allowance	₹ 3,500 p.m.
Arrears of Salary (not Taxed Earlier)	₹ 10,000
Medical Expenses Reimbursement	₹ 12,000
Leave Salary Received	₹ 14,000
Examinership fees from the college	₹ 2,000
Fees for setting T.Y.B.Com papers for Mumbai University	₹ 4,000
Royalty received from Chetna Publications for writing on accountancy	Rs. 20,000/-
Expenses incurred for writing manuscript of this book	Rs. 4,000/-
Profession Tax paid	Rs. 2,000/-

3. Mr. Dilip Raje (Senior Citizen) has let out his house property situated at Pune for residential purpose, the details of which for the year ended 31st March, 2011 are as follows: (14)

(1) Fair Rent	Rs. 2,75,000/-
(2) Gross Municipal Valuation	Rs. 2,60,000/-
(3) Actual Rent Received	Rs. 3,00,000/-
(4) Municipal Tax paid by the Tenant	Rs. 10,000/-

(5) Collection Charges incurred	Rs. 5,000/-
(6) Repair Expenses	Rs. 4,500/-
(7) Insurance premium paid for insurance the property	Rs. 2,800/-
(8) Interest paid on Funds Borrowed for purchasing the property (Loan was taken in May 2004)	Rs. 35,000/-

Following are the details of his other Income earned by him during the previous year 2010-11.

(i) Interest accrued on Fixed deposits with Bank	Rs. 10,000/-
(ii) Interest accrued on Public Provident Fund	Rs. 2,000/-
(iii) Divided from Saraswat Co-op. Bank Ltd.	Rs. 5,000/-
(iv) Divided from Raymond's Ltd. (Indian Company)	Rs. 5,000/-

During the previous year 2010-11 he made the following investments and payments:

- Investments in NSC Rs. 70,000/-
- Investments in Public Provident Fund Rs. 60,000/-
- Paid Rs. 25,000/- by cheque as premium towards medical insurance Policy for self.

Compute the Net Taxable Income of Mr. Dilip Raje for the Assessment Year 2011-12

4. (a) Mr. Hemant Bhosale a resident of USA came to India for the first time on 1st May, 2003. He stayed here without break for 3 years and left for Japan on 1st May, 2006. He returned to India on 1st April, 2007 and went back to USA on 1st December, 2007. He was posted back to India on 20th January, 2011 and has been in India since then. Determine his residential status for the previous year ended 31st March, 2011 giving explanation for your answer.

(b) Mr. Satish Mestry purchased a house property for Rs. 1,00,000 on 27th August 1978. He made the following additions / alterations to the House property.

Cost of construction of 1st floor in Financial Year 1983-84 Rs. 3,00,000.

Cost of construction of 2nd floor in Financial Year 1983-84 Rs. 4,00,000.

Fair market value of the property on 1-4-1981 was Rs. 5,00,000. He sold the property on 20th October, 2010 for Rs. 75,00,000. He paid brokerage of Rs. 55,000 for the sale transaction. The cost inflation index for financial year 1981-82 is 100, for Financial Year 1993-94 is 116 for Financial year 1990-91 is 182 and for financial year 2010-11 is 711.

Compute the Capital gain of Mr. Satish Mestry for the Assessment year 2011-12. (06)

5. Answer the following with reference to Assessment Year 2011-12 giving reasons in brief wherever necessary.
- What is the amount of deduction on account of family pension u/s 57 of the Income Tax Act 1961?
 - Tata Steel Ltd. an Indian Company has its major business in India. What is the residential status of the company?
 - Mr. Amogh (Member of Parliament) has received remuneration of Rs. 60,000/-. He claims this as his Income from Salary. Is he right?
 - Miss Taruna received a gift of Rs. 51,000/- from her father. She claims that Rs. 51,000/- is not Taxable in her hands. Is her claim correct?
 - Miss Smita earns Rs. 25,000/- as interest on public provided fund (PPF) Account. She claims that this income is not taxable in her hands. Is her claim correct?
 - Ms. Renuka purchased equity shares worth Rs. 1,00,000/- on 1-1-2010 and sold them for Rs. 1,50,000/- on 31-3-2011. She claims the gain as short term capital gain. Is she right?

Section II

6. M/s Herwadkar and Associates commenced business on 27th March, 2011. From the following particulars regarding purchases and sales transactions, find out from which date they will be liable for Registration and to pay tax as per the provisions of MVAT Act, 2002. **Give reasons.** (10)

Date	Purchases		Sales	
	Taxable (₹)	Tax Free (₹)	Taxable (₹)	Tax Free (₹)
27-03-2011	6,000	18,000	8,000	24,000
28-03-2011	3,000	25,000	1,000	32,000
29-03-2011	1,500	80,000	500	95,000
02-04-2011	6,000	2,28,000	8,000	3,75,000
04-04-2011	4,000	1,75,000	1,000	1,05,000
07-04-2011	10,000	1,00,000	20,000	1,10,000
08-04-2011	6,000	1,20,000	15,000	1,05,000
10-04-2011	4,000	75,000	10,000	2,10,000
15-04-2011	5,000	1,10,000	5,000	1,28,000

OR

6. M/s Vaishampayan & Co. provides you the following information regarding sales/purchase for the month of December, 2011.

Sales:

Schedule 'E' Goods @ 12.5%	20,00,000
Schedule 'C' Goods @ 4%	<u>4,00,000</u>
	<u>24,00,000</u>

Purchases:

Raw Materials Schedule 'C' Goods @ 4%	6,00,000
Labour Charges	1,50,000
OMS Purchases	2,00,000
Schedule 'E' components purchased @ 12.5%	8,00,000
Stationery Schedule 'E' Goods @ 12.5%	25,000
Purchase of Machinery Schedule 'E' @ 12.5%	<u>8,00,000</u>
	<u>25,75,000</u>

Calculate the MVAT Payable / Refundable for the month of December, 2011. Given that there is a set off c/f from earlier month of Rs. 50,000.