

SYFM

7/3/15
NO3AEO

TAX FOR INVT.

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Time : 2 & ½ Hours

Marks : 75

Instructions:

1. All questions are compulsory carrying 15 Marks each, subject to internal choice.
2. Use of a simple calculator is allowed.
3. Working note should form part of your answer.

Q.1. Short Notes (any three out of five) 5 Marks each (15)

1. Define Transfer
2. Income which are specifically taxable under the head Income from Other Sources.
3. Write short notes on: Deduction in respect of Mediclaim Insurance Premium
4. Define Securities Transaction Tax
5. Write notes on Assessment and Long Term Capital Gain

Q.2. Solve (any three out of five) 5 Marks each (15)

1. The reasonable letting value of a bungalow is Rs. 90,000. It is rented to a tenant at a monthly rent of Rs. 9,000 and the tenant has undertaken to bear the cost of repairs. Municipal taxes per annum amount to Rs. 9,500.
(a) Determine the standard deduction allowable.
(b) Would it make any difference if the reasonable letting value was Rs. 1,20,000?
2. Determine whether on sale the following transactions give rise to short term or long term capital gains.
(a) Rohan purchases a house property on 14th April, 2011 and transfers it on 10 June, 2013.
(b) Chetan purchases shares in Reliance Industries Ltd. on 14th April 2013 and transfers it on 10th June 2013.
(c) Some gold jewellery purchased by Trupti on 24th September 2010 was gifted to Asha on 10th December 2012. Asha sells the said jewellery on 30th December 2013.
(d) Gautam acquires units of HDFC Equity Fund on 6th August 2012 and sells the same on 10th August 2013.
3. Mr. Parag is a leading Chartered Accountant of Mumbai. The details of his other receipts during the year ended 31st March, 2014. Compute his gross total income for A.Y. 2014-15.
(a) Interest on National Savings Certificate Rs 2,350.
(b) Amount Received from delivering special lecture in R. K. College Rs. 30,000.
(c) Received Rs. 27,000 as royalty from writing book on Tax Planning from M/s. Samidha Publications. Expenses incurred for typing manuscript were Rs. 3,000.
(d) Directorship fees received from Thomas Cook Ltd. Rs. 1,400.
(e) Gift of Rs. 51,000 received from Mr. Hemant, a friend.
Calculate his Income from other sources for the Assessement Year 2014-15.
4. Rahul came to India for the first time on 1st July, 2007 and has been staying in India since then.
What is his residential status for the assessment year 2014-15?
Rahul has been following financial year as his previous year.

5. The following are the sources of income of Shri Tushar for Assessment Year 2014-15. Determine his total taxable income assuming alternatively that he is:

- | | |
|--|------------|
| (i) Resident and Ordinary Resident. | |
| (ii) Not Ordinary Resident. | |
| (iii) Non Resident. | |
| Salary from a company | Rs. 52,000 |
| Income of a profession carried on in India | Rs. 57,000 |
| Income accrued in India and brought to India | Rs. 3,000 |
| Income from a business in Germany | Rs. 81,000 |
| (The business is controlled from India) | |

Q.3 Kamdar Industries has 8 machines eligible for depreciation at 15%. The written down value as on 31-3-2013 after claiming depreciation for A.Y 2011-12 amounts to Rs. 12 Lakhs. During December 2013 new machinery was purchased for 4 lakhs which falls in the same block. Compute the depreciation / capital gain for A.Y. 2014-15 if 2 of the old machines are sold for (a) Rs 10 lakhs; (b) Rs 18 lakhs. Expenses incurred for such transfer is Rs. 20,000. (08)

Q.3 From the following particulars of Satish, compute his 'Income from other sources': (07)

- B).**
- (i) Director's fees received from S.S.Chemicals Ltd. Rs 84,600.
 - (ii) Agricultural income Rs. 12,500.
 - (iii) Ground Rent Rs. 13,600.
 - (iv) Interest:
 - (a) From bank on fixed deposits Rs. 15,400
 - (b) On Post Office Monthly Income account Rs. 8,600.
 - (v) Dividend Rs. 8,000.
 - (vi) Lottery prize received Rs 50,000.
 - (vii) Rent from sub-letting a flat Rs. 25,000. Rent paid to landlord on the flat is Rs. 5,000.
 - (viii) Satish had during the year received a gift of Rs. 45,000 from his father.

He had borrowed Rs. 20,000 for investing in shares of companies on which the interest is payable @12% p.a. Half of these shares, however, have not yielded any dividend.

He had also spent Rs. 500 for realizing dividend and Rs. 500 for realising rent.

You are further informed that he spent Rs. 10,000 for the purpose of earning lottery prize.

OR

Q.3 From the following particulars compute the gross total income of Smt. Roopal (08)

A). for A.Y. 2014-15.

- (i) She holds the following shares and securities:
 - (a) 1,000 equity shares in Milind Ltd. of Rs. 10 each.
 - (b) Rs. 80,000 6% Maharashtra Government Securities.
 - (c) 500-10% preference shares of Rs. 100 each in Rashmi Ltd.
- She had borrowed Rs 40,000 @ 14% interest for the purpose of making

- (ii) Rs. 13,000 as Life Insurance Premium:
 (iii) Rs. 8,800 as premium on a policy covering his health.
 Compute the total income of Mr. Gopinathan for A.Y. 2014-15.

OR

Q.4 Ramesh informs you that the opening WDV of block of machineries in his factory is Rs 4,20,000. During the previous year 2013-14 he has purchased a new machinery for Rs. 1,40,000 in February 2014. The following offers are placed before him. He seeks your advice in respect of each of these offers to know the implication under the tax law. (08)

- A.**
- One old Machinery to be sold at Rs. 1,50,000.
 - Some of the old machineries to be sold for Rs 4,50,000.
 - The new machinery purchased to be sold at Rs. 2,00,000.
 - Some of the old machineries to be sold for Rs. 6,00,000.
 - All the machineries to be sold for Rs 4,80,000.
 - All machineries to be sold for Rs. 7,50,000.

Q.4 Shri Naik is a professor in Maharashtra College of Commerce and Economics, Mumbai. The particulars of his income for the year ending 31-3-2014 are: (07)

B.

- He delivered various lectures on the subject in other universities. He received honorarium of Rs 8,400 during the year for the same. He has spent 20% of this sum as incidental expenses for the purpose of delivering these lectures.
- He also acted as an examiner for college examination. He received a remuneration of Rs 2,100 and Rs. 750 as reimbursement of travelling expenses for the same.
- His other income was as under:

(i) Dividend – Companies	Rs. 6,800
Charges debited by the Bank as collection charges	Rs. 100
(ii) Dividends on units of Unit Trust of India.	Rs. 500
(iii) Interest from the bank on Savings a/c and fixed deposits	Rs. 520
(iv) Amount received from giving tuition to students (For which 20% was spent on conveyance)	Rs 30,000

Compute his gross total income for A.Y. 2014-15.

Q.5 Ms. Katrina had the following income during the year ended on 31st March, 2014: (08)

A).

- Salary received in India for 3 months Rs. 90,000.
- Income from house Property in India Rs 1,34,7000.
- Interest from Savings Bank accounts in SBI 10,000.
- Amount brought to India out of past untaxed profits earned in Korea Rs 2,00,000.
- Income from agriculture in Australia being invested there Rs 1,23,500.
- Income from a business in Singapore being controlled from India Rs. 1,01,500.

Find out her Gross Total Income, if she is:

- Resident and Ordinary Resident in India.
- Resident but not Ordinary Resident in India.
- Non Resident in India.

- Q.5** Salman owns a house, the reasonable letting value of which is Rs. 1,20,000. It is rented to Jayesh at a rent of Rs. 12,000 p.m.. The municipal Taxes are 30% of the reasonable letting value. (07)

B). Milind has incurred following further expenses in respect of the property:

	Rs.
For Repairs	9,000
Collection charges	3,600
Land Revenue (due but not paid)	2,300
Interest for constructing the house.	14,000

Compute his income from House Property for A.Y. 2014-15.

OR

- Q.5** Kahan is an Indian citizen left India for the first time on 31st July 2010. Since then he has not visited India. During the previous year 2013-14 he came to India only once and stayed for a period of 35 days. Determine his residential status for the A.Y. 2014-15. Does it make any difference if Kahan is not an Indian Citizen. (08)

- Q.5** Mr Lal owns a house having two residential units. The construction of the house was completed on 1st April, 2013. These two units are A & B and the relevant particulars are: (07)

	A	B	
	Self Occupied	Let Out	
Area Occupied	1/3	2/3	
	Rs.	Rs.	
Municipal Rateable Value (Rent)	85,000	1,10,000	
Municipal Taxes Paid	2,500	5,000	
Land Revenue			1,200
Interest on Loan taken for constructing house			24,000
Fire Insurance Claim			1,500
Collection Expenses			500

Unit B was vacant upto 30th June 2013

Ascertain his income from house property for AY 2014-15.