

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 ABC Firm having partners Aman, Bhavika and Cynthia have provided you with its profit and loss account for financial year 2021-22. You are required to compute the taxable income of the firm and its tax liability for the Assessment year 2022-23.

Particulars	Amount (Rs)	Particulars	Amount (Rs)
To Purchases	1930750	By Sales	4375000
To Direct Expenses	612500	By Interest on Securities from HDFC (Net TDS Rs 6250)	56250
To GST	106250	By Interest on Securities from AXIS (Net TDS Rs 12000)	48000
To Printing and Stationery	210150		
To Depreciation	275000		
To Interest to Partners	220000		
To Salaries to Partners	600000		
To Bad debt Reserve	12000		
To Net Profit	512600		
	4479250		4479250

**Other Information**

- a. Simple Interest is paid to partners @ 20% p.a. as per partnership deed
- b. Salaries are to be paid equally amongst the three partners i.e. Aman, Bhavika and Cynthia. Their profit-sharing ratio is 4: 3: 3 where Bhavika is a sleeping partner.
- c. Depreciation allowed as per Section 32 is Rs.1,87,500.
- d. Printing and Stationery includes amount of Rs. 20,000 paid in cash to the vendor.

**OR**

Q1. Following is the receipt and payment of Mr. Vivek, a Professional Lawyer. You are required to compute tax payable by him for the assessment year 2022-23.

Receipt	Rs.	Payment	Rs.
To balance b/d	50,000	By Staff Salary	2,50,000
To Professional fees	15,00,000	By Rent	2,50,000
To Gift from Clients during course of his profession	1,50,000	By Sundry business expenses	80,000
To Dividend from Indian Companies	50,000	By Donation to poor child for Education	1,00,000
To Gift from mother	25,000	By Computer purchased (15 <sup>th</sup> September 2021)	2,00,000
To Interest on Debentures	2,25,000	By Personal expenses	5,00,000
		By balance c/d	6,20,000
	20,00,000		20,00,000

The following details provide additional information about its business:

1. Opening WDV of Computer is Rs.5,00,000. Rate of depreciation on computer is 60%.
2. Allowable depreciation on Other Assets (other than on computer) is Rs.75,000.
3. 1/4<sup>th</sup> of the Staff Salary is unreasonable.
4. Mr. Vivek paid Rs.25,000 by cheque as Medical Premium for his family and Rs.30,000 as Life Insurance premium on his life which is being included in the personal expenses.
5. Mr. Vivek has taken loan for Purchase of Debentures, Interest on loan taken amounted to Rs.2,00,000 being included in personal expenses.

Q.2: Mr. Sabir works with M/s CHS Traders. He gives you the following information for the year ended 31.03.2022

Particulars	Amount (Rs)	
Basic salary (Gross)	10,00,000	per annum
Dearness allowance	3,50,000	per annum
Arrears of salary (not taxed earlier)	1,50,000	
House Rent Allowance (Exempt Rs.36,000)	90,000	per annum
Reimbursement of medical expenses in Government Hospital	35,000	
Profession tax deducted from salary	2,500	per annum
<b>Other Information:</b>		
Interest on fixed deposit with bank	30,000	
Interest on saving bank account with State Bank of India	12,000	
Royalty received	11,500	
Gift from father	5,000	

He paid Rs. 20,000 by credit card for medical insurance of his health.

Compute Net Taxable Income for Assessment year 2022-23.

OR

Q. 2 B.

Mr Kelkar is a practicing Chartered Accountant in Mumbai. For the year ended 31 March 2022, his receipts and payments were as under –

Receipts	Rs.
Fees received from Client.	11,50,000
Interest on FDR with a Public Ltd company	5,000
Interest on FDR with a Nationalised bank	15,000
An award from Institute of Chartered Accountants of India for best article in magazine	10,000
<b>Payments</b>	
Salary to assistants	36,000
Rent of office	18,970
Telephone charges	3,600
Printing and stationery	1,200
Car hire charges	3,000
Medical insurance premium paid	15,550
PPF deposits	70,000

Compute his taxable income for the Assessment year 2022-23 assuming that 20% of telephone charges and car hire charges is for personal use.



Q3. Mr. Aniket owns a house at Mumbai, which is let out at annual rent of Rs. 1,00,000. He incurred the following expenses in respect of house property:

Particulars	Amount (Rs.)
Repairs	5,000
Ground Rent	6,000
Insurance	2,000
Municipal taxes Paid	10,000
Interest on loan for house property	10,000

His other Income is as follows:-

- Interest on saving bank account from Canara bank Rs. 8,000
- Dividend on shares of Indian Companies:  
D-Mart Ltd. Rs. 30,000  
Jio Ltd. Rs. 20,000
- Agricultural Income from land in Ratnagiri Rs. 1,00,000
- Accrued Interest on NSC Rs. 20,000
- Dividend from foreign companies Rs. 1,00,000

Compute for Mr. Aniket his Net taxable Income for Assessment Year 2022-23.

OR

Q.3A Determine the scope of total income in respect of the following incomes if the assessee is a

- a resident and ordinarily resident or
- a resident but not ordinarily resident:

(07)

- |  |           |
|--|-----------|
| 1. Interest from U.S. Growth Bonds received in U.S but remitted to India | 1,00,000  |
| 2. Capital gain on house in Mumbai but sold in London                    | 10,00,000 |
| 3. Rent of a villa in Paris received in California                       | 10,00,000 |
| 4. Agricultural Income from Coffee Gardens in Brazil received in Mumbai  | 9,00,000  |
| 5. Salary from working in Kochi received in Kazakhstan                   | 10,00,000 |
| 6. Profit of the Australian Branch of an Indian Business                 | 10,00,000 |

Q3 B Mr. Smart purchased gold worth Rs. 2,00,000/- on 06.04.2018. He also purchased a House Property of Rs. 9,00,000/- on 25.07.2019.

(08)

He gifted both the above assets to his friend Mr. Needy on 14.05.2020.

Mr. Needy, in need of Money sold both the assets on 09.06.2021. Gold was sold for Rs. 480000/- and property was sold for Rs. 20,00,000/-. Brokerage paid of sale of property was 2 % of sales value.

Calculate the Capital Gains in the hands of Mr. Needy for Assessment year 2022-2023.  
(CII : 2017-18 : 272, 2018-19: 280 , 2019-20 : 289, 2020-21: 301 2021-22 : 317)

Q4A. Multiple Choice Questions

(08)

1. Winnings from Lotteries, crossword puzzles and card games are taxed at a special rate of -----
  - a. 20%
  - b. 10%
  - c. 30%
  - d. 25%
2. Gratuity received by the employee of State Government at the time of retirement is -----
  - a. Fully Exempt
  - b. Fully Taxable
  - c. Exempt up-to Rs 20,00,000.
  - d.  $\frac{1}{2}$  of Amount of Gratuity Received is exempted.
3. The Health and Education Cess is computed @ 4% on -----
  - a. Income
  - b. Income Tax
  - c. Gross Total Income
  - d. Net Adjusted Income
4. Due Date of filing income tax returns for a person whose accounts are required to be audited under sec 44AB Income Tax Act 1961 is -----
  - a. 30<sup>th</sup> September
  - b. 31<sup>st</sup> July
  - c. 31<sup>st</sup> March
  - d. 31<sup>st</sup> December
5. The standard deduction on family pension received of Rs 2,50,000 will be Rs -----
  - a. 15,000
  - b. 83,333
  - c. 30,000
  - d. 50,000
6. Value of rent-free accommodation provided by the employer is -----
  - a. Exempt from tax
  - b. A perquisite taxable in case of all employees
  - c. A perquisite taxable in case of only 'specified' employees
  - d. A perquisite taxable in case of only government employees
7. Deduction u/s 24(a) is not available when property is -----
  - a. Self-Occupied Property
  - b. Let Out Property
  - c. Deemed to be Let out Property
  - d. Vacant Let out Property
8. Depreciation is allowed in case of -----
  - a. Tangible Fixed Assets Only
  - b. Intangible Assets Only
  - c. Tangible and Intangible Assets
  - d. Wasting Assets Only



4B. State whether following statements are True or False

(07)

1. Exemption u/s 54 is allowed for investment in another commercial or residential property.
2. Agricultural income from New York is taxable, as income from other sources in India for a non – resident individual.
3. Fair Market Value on 01-4-2001 is applicable to assets acquired on or after 1<sup>st</sup> April 2001.
4. Dividend received more than Rs.10,00,000 from domestic companies would be taxable under head income from other sources.
5. Gift from father-in-law on birthday worth Rs 1,00,000 is fully exempt.
6. The maximum amount of deduction u/s 80 U for severally disabled individual is Rs 1,25,000.
7. Deduction Under Chapter VI A should not exceed Gross Total Income.

OR

Q. 4 Write shorts notes (Any 3)

(15)

- a) Person.
  - b) Profits in lieu of salary.
  - c) Block of Assets.
  - d) Deductions u/s 80E of chapter VI A.
  - e) Salient features of the Scheme of taxation of Firm and Partner.
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