



Sanjay Ghodawat University, Kolhapur

Established as State Private University under Govt. of Maharashtra. Act No XL, 2017

2018-19

EXM/P/09/01

Year and Program: 2018-19

School of Commerce &
Management

Department of MBA

Course Code: MMC FM 615

Course Title: Contemporary
issues in Taxation

Semester – III

Day and Date

Wednesday 19 Dec 18

End Semester Examination
(ESE)

Time:

Max Marks: 100

10:00 am to 1:00 pm

Instructions:

- 1) All questions are compulsory.
- 2) Assume suitable data wherever necessary.
- 3) Figures to the right indicate full marks.

Q.1

Marks-20

(A) Mr. Ramesh & Mr. Suresh are brothers and they earned the following incomes during the financial year 2018-19. Mr. Ramesh settled in Canada in the year 1995 and Mr. Suresh being citizen of India every year stays in India for 105 days only. Compute the total income for the A.Y. 2019-20.

Sr. No.	Particulars	Mr. Ramesh (Rs.)	Mr. Suresh (Rs.)
1.	Interest on Canada Development Bonds (only 50% of interest received in India)	35,000	40,000
2.	Dividend From British company received in London	28,000	20,000
3.	Profits from a business in Nagpur, but managed directly from London	1,00,000	1,40,000
4.	Short term capital gain on sale of shares of an Indian company received in India	60,000	90,000
5.	Income from a business in Chennai	80,000	70,000
6.	Fees for technical services rendered in India, but received in Canada	1,00,000	----
7.	Interest on savings bank deposit in UCO Bank, Delhi	7,000	12,000
8.	Agriculture income from a land situated in Andhra Pradesh	55,000	45,000
9.	Rent received in respect of house property at Bhopal	1,00,000	60,000
10.	Life insurance premium paid	---	30,000

OR

(B) Dr. Niranjana, a resident individual, aged 60 years is running a clinic. Her Income and Expenditure Account for the year ending March 31st, 2018 is as under:

Expenditure	Amount(Rs.)	Income	Amount(Rs.)
To Medicine consumed	35,38,400	By Consultation and Medical charges	58,85,850
To Staff salary	13,80,000	By Income-tax refund (Principal Rs. 5,000, interest Rs. 450)	5,450
To Clinic consumables	1,10,000	By Dividend from units of UTI	10,500
To Rent paid	90,000	By Winning from game show	

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		15,000)	
To Administrative expenses	2,55,000	By Rent	27,000
To Amount paid to scientific research association approved under section 35	1,50,000		
To Net profit	4,40,400		
	59,63,800		59,63,800

- ❖ Rent paid includes Rs. 30,000 paid by cheque towards rent for her residential house in Surat.
 - ❖ Clinic equipments are:

1.4.2017	Opening W.D.V.	-	Rs.5,00,000
7.12.2017	Acquired (cost) by cheque	-	Rs.2,00,000
 - ❖ Rent received relates to property situated at Surat. Gross Annual Value Rs. 27,000. The municipal tax of Rs. 2,000, paid in December, 2017, has been included in "administrative expenses".
 - ❖ She received salary of Rs. 7,500 p.m. from "Full Cure Hospital" which has not been included in the "consultation and medical charges".
 - ❖ Dr. Niranjana availed a loan of Rs. 5,50,000 from a bank for higher education of her daughter. She repaid principal of Rs. 1,00,000, and interest thereon Rs.55,000 during the year 2017-18.
 - ❖ She paid Rs. 1,00,000 as tuition fee (not in the nature of development fees/ donation) to the university for full time education of her daughter.
 - ❖ An amount of Rs. 28,000 has also been paid by cheque on 27th March, 2018 for her medical insurance premium.
- From the above, compute the total income of Dr. Smt. Niranjana for the A.Y. 2018-19.

Q.2

Marks-15

- (A) Prem owns a house in Madras. During the previous year 2017-18, 2/3rd portion of the house was self-occupied and 1/3rd portion was let out for residential purposes at a rent of Rs. 8,000 p.m. Municipal value of the property is Rs. 3,00,000 p.a., fair rent is Rs.2,70,000

p.a. and standard rent is Rs. 3,30,000 p.a. He paid municipal taxes @10% of municipal value during the year. A loan of Rs. 25,00,000 was taken by him during the year 2013 for acquiring the property. Interest on loan paid during the previous year 2017-18 was

Rs.1,20,000. Compute Prem's income from house property for the A.Y.2018-19.

OR

- (B) Mr. A, aged 40 years, paid medical insurance premium of Rs. 20,000 during the P.Y.2017- 18 to insure his health as well as the health of his spouse. He also paid medical insurance premium of Rs. 27,000 during the year to insure the health of his father, aged 63 years, who is not dependent on him. He contributed Rs. 3,600 to Central Government Health Scheme during the year. He has incurred Rs. 3,000 in cash on preventive health check-up of himself and his spouse and Rs. 4,000 by cheque on preventive health check-up of his father. Compute the deduction allowable under section 80D for the A.Y. 2018-19.

- (A) Mr. A converts his capital asset acquired for an amount of Rs. 50,000 in June, 2003 into stock-in-trade in the month of November, 2015. The fair market value of the asset on the date of conversion is Rs. 4,50,000. The stock-in-trade was sold for an amount of Rs. 6,50,000 in the month of September, 2017. What will be the tax treatment?

Financial year	Cost Inflation Index
2003-04	109
2015-16	254
2017-18	272

OR

- (B) Mr. X, a resident, has provided the following particulars of his income for the P.Y. 2017-18.

i. Income from salary (computed)	- 1,80,000
ii. Income from house property (computed)	- 2,00,000
iii. Agricultural income from a land in Jaipur	- 2,80,000
iv. Expenses incurred for earning agricultural income	-
1,70,000	
v. Interest on saving bank deposits	- 40,000

Compute his tax liability assuming his age is -

- (a) 50 years
(b) 75 years

Q.4 (A)

Marks-15

Mr. Gamma, a proprietor started a business of manufacture of tyres and tubes for motor vehicles on 1.1.2017. The manufacturing unit was set up on 1.5.2017. He commenced his manufacturing operations on 1.6.2017. The total cost of the plant and machinery installed in the unit is Rs. 120 crore. The said plant and machinery included second hand plant and machinery bought for Rs. 20 crore and new plant and machinery for scientific research relating to the business of the assessee acquired at a cost of Rs.15 crore.

Compute the amount of depreciation allowable under section 32 of the Income-tax Act, 1961 in respect of the assessment year 2018-19.

OR

Q.4 (B)

During the P.Y. 2017-18, Mr. C has the following income and the brought forward losses:

Particulars	Amount(Rs.)
Short term capital gains on sale of shares	1,50,000
Long term capital loss of A.Y.2016-17	(96,000)
Short term capital loss of A.Y.2017-18	(37,000)
Long term capital gain	75,000

What is the capital gain taxable in the hands of Mr. C for the A.Y. 2018-19?

Q.5 (A)

Marks-15

Mr. Batra furnishes the following details for year ended 31.03.2018:

Particulars	Rs.
Short term capital gain	1,40,000
Loss from speculative business	60,000
Long term capital gain on sale of land	30,000
Long term capital loss on sale of shares (securities transaction tax not paid)	1,00,000
Income from business of textile (after allowing current year depreciation)	50,000
Income from activity of owning and maintaining race horses	15,000
Income from salary	1,00,000
Loss from house property	40,000

Following are the brought forward losses:

- ❖ Losses from activity of owning and maintaining race horses-pertaining to A.Y. 2015-16 Rs. 25,000.
 - ❖ Brought forward loss from business of textile Rs. 60,000 - Loss pertains to A.Y. 2010- 11.
- Compute gross total income of Mr. Batra for the Assessment Year 2018-19. Also state the eligible carry forward losses for the Assessment Year 2019-20.

OR

Q.5 (B)

For the Assessment year 2018-19, the Gross Total Income of Mr. Chaturvedi, a resident in India, was Rs. 8,18,240 which includes long-term capital gain of Rs. 2,45,000 and Short- term capital gain of Rs. 58,000. The Gross Total Income also includes interest income of

Rs. 12,000 from savings bank deposits with banks. Mr. Chaturvedi has invested in PPF

Rs. 1,40,000 and also paid a medical insurance premium Rs. 31,000. Mr. Chaturvedi also contributed Rs. 50,000 to Public Charitable Trust eligible for deduction under section 80G by way of an account payee cheque. Compute the total income and tax thereon of Mr. Chaturvedi, who is 70 years old as on 31.3.2018.

Q.6(A) Solve any Two from the Following:

Marks-20

Compute the eligible deduction under Chapter VI-A for the Assessment year 2018-19 of Ms. Roma, who has a gross total income of Rs. 15,00,000 for the assessment year 2018-19 and provides the following information about her investments/payments during the year 2017-18:

Sl. No.	Particulars	Amount (Rs.)
1.	Life Insurance premium paid (Policy taken on 01-01-2012 and sum assured is Rs. 1,50,000)	35,000
2.	Public Provident Fund contribution	1,50,000
3.	Repayment of housing loan to Bhartiya Mahila Bank, Bangalore	20,000
4.	Payment to L.I.C. Pension Fund	1,40,000
5.	Mediclaime Policy taken for self, wife and dependent children, premium paid by cheque	30,000
6.	Medical Insurance premium paid by cheque for parents (Senior Citizen)	32,000

Q.6(B)

Mr. Y, aged 40 years, paid medical insurance premium of Rs. 22,000 during the P.Y.2017-18 to insure his health as well as the health of his spouse and dependent children. He also paid medical insurance premium of Rs. 33,000 during the year to insure the health of his father, aged 67 years, who is not dependent on him. He contributed Rs. 2,400 to Central Government Health Scheme during the year. Compute the deduction allowable under section 80D for the A.Y.2018-19.

Q.6 (C)

Examine the following statements with regard to the provisions of the Income-tax Act, 1961:

- (1) During the financial year 2017-18, Mr. Amit paid interest on loan availed by him for his son's higher education. His son is already employed in a firm. Mr. Amit will get the deduction under section 80E.
- (2) Subscription to notified bonds of NABARD would qualify for deduction under section 80C.
- (3) In order to be eligible to claim deduction under section 80C, investment/contribution/ subscription etc. in eligible or approved modes, should be made from out of income chargeable to tax.
- (4) Where an individual repays a sum of Rs. 30,000 towards principal and Rs. 14,000 as interest in respect of loan taken from a bank for pursuing eligible higher studies, the deduction allowable under section 80E is Rs. 44,000.
- (5) Mrs. Sheela, widow of Mr. Satish (who was an employee of M/s. XYZ Ltd.), received Rs. 7 lakhs on 1.5.2017, being amount standing to the credit of Mr. Satish in his NPS Account, in respect of which deduction has been allowed under section 80CCD to Mr. Satish in the earlier previous years. Such amount received by her as a nominee on closure of the account is deemed to be her income for A.Y.2018-19.