



Date: 05-04-2019
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

PART – A

Answer ALL questions:

(10*2=20)

1. Define the term 'Business'.
2. State any two expenses that are deductible from Income from other sources.
3. What is Casual income?
4. What is meant by set off of losses?
5. Who can claim deduction u/s 80D and how much?
6. State whether the following expenses are allowable in computing business income:
 - (a) Commission paid while purchasing raw materials.
 - (b) Penalty paid to custom authority for violating rules.
7. A firm's closing stock of goods is valued at Rs.3,00,000 at 20% below the cost. Calculate the amount of undervaluation of closing stock.
8. Mr. Franklin's Gross total income is Rs.20,00,000. He has made the following donations. Calculate his total income.
 - (a) Jawaharlal Nehru Memorial Fund Rs.12,000
 - (b) National Defence Fund Rs.25,000.
9. Mr. Benedict provides the following information for the previous year. How will you adjust the losses shown by him?
 - (a) Long term capital gain Rs.30,000
 - (b) Loss from self occupied house Rs.16,000
 - (c) Income from let out houses Rs.20,000
10. Compute the amount of tax to be paid if Mr. Mathew receives Rs.5,85,150 p.a. as his Total income.

PART – B

Answer any FOUR questions:

(4*10=40)

11. In computing income from business, what are the provisions relating to the following expenses:
 - (a) Expenses on scientific research
 - (b) Deduction in respect of preliminary expenses.
12. What incomes are chargeable to tax under the head Income from other sources?
13. Explain the provisions relating to carry forward and set-off of losses.
14. Following is the P & L A/c of M/s. Melinda & Company.

	Rs.		Rs.
General expenses	15,000	Gross profit	2,15,000
Fire Insurance	6,000	Interest on government securities	50,000
Sales-tax	3,000	Bad debts recovered disallowed earlier	5,000
Motor car expenses	10,000		
Donations	5,000		
Proprietor's salary	15,000		
Interest on own capital	7,500		
Net profit	2,08,500		
	2,70,000		2,70,000

Additional information:

- (i) 25% of motor car expenses relates to the personal use of the proprietor.
 - (ii) Depreciation calculated according to the prescribed rate comes to Rs.7,500.
- Calculate Income from business.

15. Compute income from other sources of Mr.David from particulars given below:
 - (a) Interest on deposits with a company Rs.10,000
 - (b) University remuneration for working as examiner Rs.6,000
 - (c) Royalty for writing books Rs.60,000. He claims to have spent Rs.20,000 on writing these books.
 - (d) Dividend declared by R. Co Rs.6,000
 - (e) Interim dividend Rs.3,000
 - (f) Stake money on race horses Rs.1,50,000. Horses are maintained by him and expenses on maintenance of these horses are 2,40,000
 - (g) Family pension received Rs.36,000.
16. From the following particulars of Mr.X, compute his total income for the assessment year 2018-19:

Particulars	Profit Rs.	Loss Rs.
Salary Income	42,000	
Income from House Property:		
House A	15,000	
House B		17,000

House C		21,000
Profits & Gains of business or Profession:		
Business A	8,000	
Business B		18,000
Business C (Speculative)	11,000	
Business D (Speculative)		23,000
Capital gains:		
Short term capital gains	6,000	
Short term capital loss		28,000
Long term capital gains on sale of building	12,500	
Income from other sources:		
Income from card games	8,000	
Loss from card games		7,010
Loss on maintenance of horse races		6,000
Interest on securities	4,000	

17. Shri Anil earned gross total income of Rs.5,00,000 in the previous year 2017-18 and made the following donations during the year:

- (a) Rs. 10,000 to Chief Minister's Earthquake Relief Fund, Gujarat.
- (b) Rs. 15,000 to National foundation for communal harmony.
- (c) Rs. 20,000 to Municipal Corporation for promotion of family planning.
- (d) Rs. 45,000 to approved institutions
- (e) Rs. 20,000 to Swachh Bharat Kosh.

Compute his total income for the assessment year 2018-19.

PART – C

Answer any TWO questions:

(2*20=40)

18. Enumerate items of investments or payments eligible for deduction under Section 80C of the Income-Tax Act.

19. An assessee had the following investments:

- (a) Rs.40,000, 12% Central Government Loan
- (b) Rs.30,000, 10% Government securities
- (c) Rs.50,000, 11% Bombay Port Trust Bonds
- (d) Rs.10,000, 15% Jaipur Municipal Corporation Bonds
- (e) Rs.20,000 15% Debentures of a limited company (unlisted)
- (f) Rs.10,000 10 % securities issued by Govt. of England
- (g) Rs.20,000 14 % Municipal debentures
- (h) Rs.18,000 10% (Tax-free) debentures of a limited company (unlisted)
- (i) Dividend from Paper Mill Company
- (j) During the year he received net amount Rs.1,40,000 as winnings from lottery.

Bank charges Rs.200 as collection charges. Compute the income from other sources.

20. Following is the Profit and Loss Account of Kesari for the previous year 2017-18.

	Rs.		Rs.
To Salaries	25,650	By Gross profit	80,000
To Rent	1,000	By Bank interest	450
To Commission on sales	100	By Bad debts recovered (last year allowed)	2,000
To Income tax	2,600	By Rent from house property	4,800
To Entertainment expenses	600	By Interest on commercial securities	2,000
To Commission paid to collect interest on securities	25		
To Embezzlement by cashier	1,000		
To Municipal tax of HP	600		
To Bad debts	450		
To Repairs to house	1,625		
To Office expenses	9,180		
To Depreciation	5,000		
To L.I.C premium	1,320		
To Net profit	40,100		
	89,250		89,250

Depreciation on the assets is Rs.4,500.

Compute the taxable business income for the assessment year 2018-19.

21. From the following statement, compute the income from profession of Dr. Sharon if accounts are maintained on mercantile system:

	Rs.		Rs.
To Dispensary rent	36,000	By Visiting fees	45,000
To Electricity charges	6,000	By Consultation fees	1,25,000
To Telephone expenses	6,000	By sale of medicines	72,000
To Salary to nurse and compounder	36,000	By Dividends	5,000
To Depreciation o Surgical equipment	6,000		
To Purchase of medicines	36,000		
To Depreciation on X-ray Machine	4,000		
To Income Tax	5,500		
To Donations	4,000		
To Motor Car expenses	9,600		
To Depreciation on car	4,800		
To Net Income	93,100		
	2,47,000		2,47,000

Adjustments:

- (a) Electricity charges include domestic bill of Rs.2,500.
- (b) Half of motor car expenses are for professional use.
- (c) Telephone expenses include 40% for personal use.
- (d) Opening stock of medicines was Rs.6,000 and closing stock was Rs.4,000.

★★★★★