Roll No……

Time allowed : 3 hours *Maximum marks : 100*

Total number of questions : 8 *Total number of printed pages : 8*

NOTE : *All references to sections mentioned in Part-A of the Question Paper relate to the Income-tax Act, 1961 and the relevant Assessment Year 2013-14 unless stated otherwise.*

PART — A

(Answer Question No.1 which is compulsory and any three of the rest from this part.)

1. (a) Write the most appropriate answer from the given options in respect of the following having regard to the provisions of the relevant direct tax laws :

(i) Past untaxed profit of the financial year 2002-03 brought to India in 2012-13 is chargeable to tax in the assessment year 2013-14 in the hands of —

(a) All the assessees

(b) Resident and ordinarily resident in India

(c) Non-resident in India

(d) None of the above.

(ii) The maximum amount of compensation received at the time of voluntary retirement exempt from tax is —

(a) ₹2,00,000

(b) ₹5,00,000

(c) ₹10,00,000

(d) The actual amount received as compensation.

(iii) The amount of wealth-tax, interest, penalty, fine or any other sum payable, and the amount of refund due, under the provisions of the Wealth-tax, Act, 1957 shall be rounded off to the —

(a) Nearest rupee

(b) Nearest multiple of ten rupees

(c) Nearest multiple of one hundred rupees

(d) Nearest multiple of one thousand rupees.

(iv) Total income of a person is determined on the basis of his —

(a) Residential status in India

(b) Citizenship in India

(c) Both (a) and (b) above

(d) None of the above.

(v) Which of the following taxes are allowed as deduction while computing the business income —

(a) Wealth-tax

(b) Income-tax

(c) Sales tax

(d) None of the above.

(1 mark each)

(b) Re-write the following sentences after filling-in the blank spaces with appropriate word(s)/ figure(s) :

(i) Speculative business losses can be carried forward for _____ assessment years, immediately succeeding the assessment year for which the loss was first computed.

(ii) In case of winnings from horse races, payments exceeding ₹_____ are subject to tax deducation at source at the rate of _____%.

(iii) The time limit for rectification of mistakes is a period of _____ from the end of the financial year in which the order sought to be amended was passed.

(iv) The maximum amount of standard deduction in case of family pension is _____.

(v) _____ of advance tax is paid upto 15th September in previous year by a Hindu Undivided Family.

(1 mark each)

(c) Ram purchases a house property for ₹7,600 on 30th June, 1967. The following expenses were incurred by him for making addition/alteration to the house property :

	₹
Cost of construction of first floor in 1975-76	11,000
Cost of construction of second floor in 1983-84	34,000
Alteration/reconstruction of the property in 1992-93	29,000
Fair market value of the property on 1st April, 1981	45,000

The house property is sold by him on 15th June, 2012 for ₹6,95,000 (expenses incurred on transfer ₹5,000).

Compute the amount of capital gains chargeable to tax for the assessment year 2013-14.

Cost inflation indices : 1981-82:100; 1983-84:116; 1992-93:223 and 2012-13:852.

(5 marks)

2. (a) State, with reasons in brief, whether the following statements are true or false :

(i) Money/property received on the occasion of the marriage of the individual is taxable under the head income from other sources.

(ii) Tax return preparers (TRPs) are employees of income-tax department.

(iii) Allowances payable to Central Government employees for serving outside India are fully taxable as salary.

(iv) Assets of personal use are also considered as capital assets.

(v) Income from lease of land for grazing of cattle required for agricultural pursuits is agricultural income.

(1 mark each)

(b) A partnership firm has two partners X and Y. They have contributed ₹6,00,000 each as capital and ₹2,00,000 each as loan. Partnership deed allows payment of interest on loan as well as on capital @16% p.a. and remuneration of ₹5,00,000 to each acting partner.

If profits of the firm after paying interest but before deducting remuneration of partners are ₹7,60,000, determine the total income of the firm.

(6 marks)

(c) Under what circumstances the Assessing Officer is empowered to reopen the assessment made by him ? Give examples.

(4 marks)

3. (a) Sarita, aged 50 years received the following amounts during the financial year 2012-13 :

	₹
Gross salary	5,50,000
Family pension (₹6,000 p.m. × 12)	72,000

She gets a gift of ₹75,000 from her maternal uncle on her birthday. She also gets gift of ₹60,000 from her office colleagues on the same day. She deposited ₹50,000 in public provident fund account.

Compute her tax liability for the assessment year 2013-14.

(5 marks)

(b) Explain the deduction in respect of royalty income of authors under section 80QQB.

(4 marks)

(c) Enlist the deductors for whom the e-filing of the statement of TDS is mandatory.

(3 marks)

(d) Write a brief note on deduction under section 80D.

(3 marks)

4. (a) Smt. Juhi (resident in India and aged 82 years) has estimated the following taxable incomes for the financial year 2012-13 :

	₹
Income from business	12,00,000
Long-term capital gains on 10th October, 2012	80,000
Interest *(gross)* from a branch of Syndicate Bank (FDR)	20,000
Dividend	30,000
Interest on savings bank a/c	8,000
	13,38,000

— She paid life insurance premium on her own life	25,000
— She made deposit in public provident fund	70,000
— Paid to Prime Minister's National Relief Fund	30,000
— Health insurance premium paid in cash	12,000

Determine the amount payable as advance tax on prescribed dates during the financial year 2012-13 (assessment year 2013-14).

(5 marks)

(b) Deepak, a reputed trader, furnished the following particulars regarding his business for the financial year 2012-13 :

	₹
Loss from business	8,00,000
Loss from specified business	2,80,000
Depreciation allowance for the current year	1,60,000
Income from house property *(computed)*	6,00,000
Items brought forward from the earlier years :	
Business loss for the assessment year 2011-12	2,40,000
Depreciation allowance *(unabsorbed)* for the assessment year 2012-13	1,00,000

Compute gross total income of Deepak for the assessment year 2013-14.

(4 marks)

(c) Mohit purchased an asset for scientific research in the previous year 2005-06 for ₹30,00,000. During the previous year 2012-13 the said asset ceased to be used for scientific research. The following information is also submitted to you :

	₹
Profit from business before depreciation	10,00,000
Written down value of block of assets 15% as on 1st April, 2012	20,00,000

The scientific research asset if used for business shall be eligible for depreciation @15%. The cost inflation index for 2005-06 is 497 and for 2012-13 is 852.

Compute the total income if the scientific research asset is sold for ₹60,00,000 during 2012-13, assuming that :

(i) It is sold without using for business; and

(ii) It is sold after using for business.

(6 marks)

5. (a) Dev is an Indian citizen and resident in India. His assets and liabilities as on 31st March, 2013 are as follows :

— Self-occupied residential house in Delhi ₹60,00,000.

— Self-occupied residential house in foreign country ₹90,00,000. [For the construction of this house, he borrowed ₹30,00,000 in the foreign country which is due on 31st March, 2013.]

— He has National Savings Certificates VIII issue ₹1,00,000.

— He has jewellery worth ₹60,00,000 out of which ornaments worth ₹18,00,000 are meant for daily use by his wife.

— He has motor car for his personal use valued at ₹7,70,000.

— In December, 2011 he has transferred his house to his married daughter without consideration. The value of the house is ₹24,00,000.

— The house given to the daughter was purchased in 2010 for which a loan of ₹10,00,000 was taken. Out of this loan ₹2,00,000 is outstanding.

Compute the net wealth and wealth-tax of Dev.

(6 marks)

(b) In each of the following cases what amount will be allowed as expenditure for a business for the assessment year 2013-14. Explain with reasons :

(i) Purchase of raw materials ₹2,00,000. It includes a payment of ₹24,000 which has been made in cash.

(ii) ₹1,42,000 were paid to national laboratory to undertake a scientific research for an approved programme.

(2 marks each)

(c) Explain the incomes which are deemed to accrue or arise in India.

(5 marks)

6. (a) Distinguish between the following. Attempt ***any two*** :

(i) 'Belated return of income' and 'revised return of income'.

(ii) 'Short-term capital gains' and 'long-term capital gains'.

(iii) 'Statutory provident fund' and 'recognised provident fund'.

(3 marks each)

(b) Explain the procedure regarding refund of excess tax paid by the assessee to the department.

(5 marks)

(c) Write short notes on the following. Attempt ***any two*** :

(i) Amortisation of telecom licence fee

(ii) Income of political parties under section 13A

(iii) 'Pay-as-you-earn' scheme.

(2 marks each)

PART — B

7. Attempt ***any four*** of the following :

(i) Define the meaning of 'services' under the service tax.

(5 marks)

(ii) Service tax is now levied on all services except the services specified in the negative list. Enumerate any five services which are covered in the negative list.

(5 marks)

(iii) The Central Government *vide* Notification No. 25/2012 has exempted certain services from the whole of service tax leviable thereon. Enumerate any five services which are covered in the mega exemption notification.

(5 marks)

(iv) R Ltd., gives the following particulars relating to the services provided by it to its various clients for the month ending 31st July, 2012 :

— Total bills raised for ₹17,50,000 out of which bill for ₹1,50,000 was raised on a Diplomatic Mission and payments of bills for ₹2,00,000 were not received until 31st July, 2012. Service tax is separately charged on the bills raised.

— Amount of ₹1,12,360 (including service tax) was received as an advance from XYZ Ltd. on 25th July, 2012 to whom the services were provided in August, 2012.

Compute —

(a) Value of taxable services

(b) Amount of service tax payable

(c) Last date of service tax payable.

(5 marks)

(v) Every person providing taxable services is liable to pay service tax. Are there any cases where service tax is to be paid by the service recipient ? If yes, give any three such cases.

(5 marks)

PART — C

8. Attempt ***any four*** of the following :

(i) State, with reasons in brief, whether the following statements are true or false :

(a) Input VAT credit is available in respect of goods purchased for manufacture of export goods.

(b) Under consumption variant, deduction is allowed for all business purchases excluding capital assets.

(c) Introduction of composition scheme will obstruct the flow of audit trail and this scheme can be mis-utilised by unscrupulous dealers.

(d) If an assessee (who is otherwise required to get registration) fails to obtain registration under the VAT, he/it may be registered compulsorily by the Commissioner.

(e) A special VAT rate of 2% is applicable only for gold and silver ornaments, *etc.*

(1 mark each)

(ii) What is meant by 'exempted goods' under the VAT ? Give at least four examples of such goods.

(5 marks)

(iii) What is input VAT credit ? Will the input VAT credit be available in case of purchase of capital goods ? Explain.

(5 marks)

(iv) Amit, a manufacturer, sold Product X to Bimal of Delhi @ ₹1,000 per unit. He has charged CST @ 2% on the said product and paid ₹80 as freight. Bimal of Delhi sold goods to Charan of Delhi @ ₹1,250 per unit and charged VAT @ 12.5%. Charan of Delhi sold goods to Deepak, a consumer @ ₹1,500 per unit and charged VAT @ 12.5%.

Compute the net VAT payable per unit.

(5 marks)

(v) (a) Compute the invoice value to be charged and amount of tax payable under VAT by a dealer who had purchased goods for ₹1,20,000 and after adding for expenses of ₹10,000 and profit of ₹15,000 had sold out the same.

The rate of VAT on purchases and sales is 12.5%.

(3 marks)

(b) "VAT avoids cascading effect." How ?

(2 marks)

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