

Reg. No.....

Total No. of Printed Pages: 5

Total No. of Questions: 8

Maximum Marks: 100

Time Allowed: 3 hours

TX – IP – M – 04

Answer all Questions

Working Notes should form part of the answer

Wherever required, suitable assumptions may be made by the candidate & clearly stated in the answer

1. Compute his Taxable income and Tax payable.

16 Marks

Raghav, Employee of RIL Ltd. submits the following for the Financial Year 2009-10.

- | | |
|---|-------------|
| (a) Basic Salary | Rs.1,80,000 |
| (b) D.A (60% considered for Retirement Benefit) | Rs.60,000 |
| (c) HRA | Rs.60,000 |
| (d) Actual rent Paid (Rs.6,000 p. m up to 30.09.2009) | |
| (e) Free education to 2 Children at Employer's School and the expenses are Rs.1,800 p.m. for both children. | |
| (f) Free use of Camera provided for personal purpose. The cost of the Camera Rs.75,000 and WDV as on 1.4.2009 Rs.35,000/- | |
| (g) Gift of gold chain given by employer on his birthday on 1.7.2009 Rs.14,000. | |

- (h) Housing Loan given by Employer on 1.4.2009 Rs.18,00,000 at 8% p.a. and the house was completed on 30.09.2009 and used by assessee for self occupation with effect from 1.10.2009. The SBI Rate of interest is at 8.5% p.a. There is no repayment of principal during the year.
- (i) He purchased Shares in a Limited company on 1.11.2008 and the same has been sold on 11.10.2009. The cost of acquisition was Rs.1,20,000. The Sale Consideration was Rs.1,75,000/- and Brokerage & other expenses paid Rs.5,000/-
- (j) He received a gift of Land from his friend on 1.11.2009 and the stamp duty authority value Rs.60,000/-
- (k) He Deposited Rs.24,000/- in RPF account and in LIP 16,000/-. The registration charges for home Rs.30,000. PPF Rs.25,000 on him self and 15,000 on spouse.
- (l) Mediclaim Policy paid by Cash for himself spouse and Children Rs.14,000 and his parents who are senior citizen Rs.21,000/-

2(a). **Answer the following:**

4 + 2 + 4 = 10 Marks

- (i) 'Contract' as defined u/s 194C of Income Tax Act 1961.
- (ii) TDS on rent paid to an individual by Ram Co Ltd. on a monthly rent of Rs.20,000 p.a with effect from 1.6.2009 to 31.3.2010.
- (iii) Distinguish between Belated return of income and Revised return of income.

(or)

2(b). **Answer the following:**

5 x 2 = 10 Marks

- (i) Who are Prohibited person u/s 13 (3) of Income Tax Act 1961
- (ii) Discuss the taxability of farm home under Income Tax Act 1961.

3.(a) Ramkumar a Non resident submits the following for the financial year 2009-10.

6 Marks

- House Property loss (1,30,000)
- Long term capital gain 2,50,000
- Speculative Loss (20,000)
- Other Sources 30,000

Compute total income and tax payable

(b) Arjun was holding 3,000 listed Shares in White Light Limited purchased by him on 8.8.2008 at Rs.60 per share. He gifted them to his girlfriend, Chitrangada on 10.2.2009. Arjun married Chitrangada on 1.3.2009. Chitrangada was allotted bonus shares by the Company at the rate of one share for every three shares held on 10.9.2009. She sold all shares including Bonus Shares at Rs.150/- per Share. State in whose hands Capital Gain on sale of Shares is taxable. Also compute the Capital Gain.

5 Marks

(c) Gift under certain circumstances are not taxable Explain.

3 Marks

4. State True or False:

2 x 3 = 6 Marks

- (a) The maximum permissible cash payments for purpose of plying, hiring, leasing of goods carrier vehicle with effect from 1.10.2009 is Rs.20,000/-
- (b) The assessee engaged in cold storage and warehousing facility can claim deduction in respect of all capital expenditure u/s 35 AD
- (c) An Employee can Claim both exemption u/s 10(10C) as well as relief u/s 89(1) for the VRS Compensation received.

Fill in the Blanks:

1 x 2 = 2 Marks

- (d) Partnership Firm includes
- (e) Deduction u/s 57 shall be claimed to an extent of of interest received on account of compensation or enhanced compensation received.

Define:**2 Marks**

(f) Define “Manufacture” under Income Tax Act, 1961.

5. Answer the following :

(a) Chelms Food Club not incorporated under Societies Registration Act is liable for Service Tax.

Explain.

3 Marks

(b) Explain any four situations where Service Receiver is liable to pay Service Tax.

4 Marks

(c) Kyun Hyundai, an Automobile Service Dealer, who is not a Company submitted the following for the last quarter of financial year 2009-10.

5 Marks

- Value of components and service parts separately billed. Rs.4,00,000
- Value of Labour charges Rs.3,60,000
- Material consumed during the service Rs.2,40,000

Compute the Service Tax payable. When shall the same be remitted?

(d) Service provided during “Warranty Period” is not taxable. Explain.

2 Marks**6. Answer the following :**

(a) Filing of Service Tax Return is mandatory. Explain.

3 Marks

(b) Mr. Ramachandran is an Advocate practising as a Proprietor in the name of V.R. & Co received the following during the Financial year 2009-10.

3 Marks

- Legal consultancy and advisory charges Rs.12,00,000
- Appearance before court Rs. 6,00,000
- Service provided to individual Rs. 3,00,000

Determine the taxability of above.

(c) Future Star Academy is coaching students for State Cricket Team. Is the Academy liable for Service Tax? Explain. **2 Marks**

(d) Ragavendra mandap providing Mandap service along with catering to its customers. The Gross sum collected during the Year in Rs.24,00,000. Compute the taxable value of service. **2 Marks**

(e) Ram Nagar Welfare Association is not liable for service tax provided their _____ Contribution is _____ **1 Mark**

7. Answer the following on the basis of VAT Law:

(a) Explain the following – **3 x 2 Marks = 6 Marks**

- Effect on Retail Price
- Neutrality
- Classification of goods Arbitrary

(b) What is “Tax Invoice” and what are its essential contents? **5 Marks**

(c) Explain the Provision of VAT in relation to “Stock Transfer”. **2 Marks**

8. Answer the following:

(a) Explain the most appropriate and acceptable method of VAT. **4 Marks**

(b) List the goods which are liable for 4% VAT rate. **3 Marks**

(c) Compute the VAT Liability of MR. G. Ramasamy for the month of March 2010 using invoice method. **5 Marks**

- CST Value of Purchase inclusive of Tax Rs.1,04,000
- VAT Purchase locally inclusive of VAT at 4% Rs.2,60,000
- Transportation and Storage Cost Rs.50,000
- Profit Margin at 10% of Total Cost incurred

Compute VAT Liability and VAT Payable.