Total No. of Questions – 7 | **Total No. of Printed Pages – 8**

Time Allowed – 3 Hours | **Maximum Marks - 100**

Question No 1 is compulsory &
Answer any 5 from remaining 6 questions.

All the Questions relates to Assessment Year 2015-16, unless otherwise stated in the questions.

1. (A) Fusion Era Pvt Ltd carrying the business of car hiring and jewellery trading provides the following information for computation of their Wealth Tax Liability for the Assets and Liabilities as on 31.3.2015. **(8M)**

Particulars		**(Rs in Crores)**
	Book Value	**Schedule III Value**
FIXED ASSETS		
Plant Machinery	10.00	15.00
Factory Building	25.00	10.00
Urban Land (450 sq mtrs)	40.00	100.00
Motor Cars	5.00	10.00
INVESTMENTS		
Jewellery	15.00	16.00
Plot of Land in Bhuj (480 sq mtrs)	10.00	50.00
Shares & Mutual Funds	20.00	20.00
CURRENT ASSETS		
Stock (Jewellery)	150.00	150.00
Debtors	10.00	10.00
Cash in Hand	4.00	4.00
Bank Balance	1.00	1.00
LIABILITIES		
Current Liabilities	40.00	40.00
Loans Secured on Fixed Assets (Urban Land)	30.00	30.00

1. (B) There was a search conducted in the premises of Mr Alok Tripathi on 18.8.2014 which was concluded on 21.8.2014, the assets were seized from the possession of assessee on 2.9.2014. The assessee wants to move the case to Settlement Commission on 3.3.2015, Can he move so provided additional tax involved is Rs 7.00 Lacs? **(4M)**

1. (C) Jogaram aged 52 years. His father settled property in trust giving whole life interest therein to Jogaram. The Income from the property for years 2011-12 to 2014-15 is Rs 60000, 64000, 70000 & 76000 respectively. The expenses corresponding to that year are 2000, 4000, 5000 & 6000 respectively. Calculate the value of life interest of Jogaram provided the multiplier is 9.267 as on 31.3.2015. **(3M)**

1. (D) Income Tax Department had directed the RTO (registering vehicles) to provide the prescribed information in a prescribed manner for those persons in whose name the motor vehicles are registered to the value upto Rs 45000. However the RTO is of the view that they are not liable of any sort to provide information to Income Tax Department under any circumstances. Is the view of RTO correct in law? **(5M)**

2. (A) Sangharsh Ltd declared the Interim Dividend of Rs 60 Lacs on 22.12.2014 to its shareholders. Meanwhile its Balidan Ltd (its subsidiary company where 75% stake is held by Sangharsh Ltd) had made Interim Dividend of Rs 30 Lacs on 2.7.2014 to its shareholders.

You are required to compute DDT Payable by

a) Sangharsh Ltd b) Balidan Ltd. **(5M)**

2. (B) Seven Star Properties Trust, a Real Estate Investment Trust, provides following information for the year ended 31.3.2015.

Sr No	Particulars	Amount (Rs in Crores)
1	Interest Income Received From SPV	5.00
2	Indian Company Dividend Received From SPV	3.00

3	Short Term Capital Gains on Sale of Listed Shares of SPV	2.00
4	Long Term Capital Gains on Sale of Listed Shares of SPV	1.00
5	Interest Income Received from Investing in Unlisted Debentures of Mahesh Infra Project Ltd (Not a SPV)	1.00

You are required to derive the Tax Implications on following transactions of Seven Stars Properties Trust. Also advise on the Tds Implications on the above referred transactions provided Seven Stars Properties trust had distributed the above income to its Resident Unit Holders in PY 2014 -15. **(10M)**

3. (A) Atif Aslam, an Non Resident Entertainer provides following information for PY 2014-2015:

Sr No	**Particulars**	**Amount (Rs in Lacs)**
1	Playback Singing Income in Mumbai for Songs of Indian Telefilms	150.00
2	Live Show Performance Income at Hyderabad	30.00
3	Income by Selling Copyrights of Hyderabad Live Show Performance to Yashraj Musics India (Amount is received in India)	10.00
4	Income by Selling Copyrights of Hyderabad Live Show Performance to Al Haidar Musics Pakistan (Amount is received in Pakistan at its converted value)	15.00
5	Lottery Income Earned at Panji Goa	5.00

Compute Tax Liability for Ay 2015-16 **(5M)**

3. (B) Explain the factors to be considered while selecting the most appropriate method in Transfer Pricing. **(4M)**

3. (C) Pankaj, an employee of Tech Mahindra, was deputed to Dubai on a foreign project of Tech Mahindra's Client for 2 months in previous year. In addition to Salary, Pankaj was also paid Per Diem Allowance for the period he worked in Dubai to meet the expenses of boarding and lodging at Dubai. Tax was not deducted on this amount by Tech Mahindra. Also Pankaj did not include such allowance in computation of his income and in his income tax return. In course of assessment of Pankaj u/s 143(3), the Assessing Officer had issued him Show Cause Notice regarding why should the aforesaid Allowance be not taxable and why he should not be levied with concealment penalty u/s 271(1)(c). Pankaj had sought your advise in this matter. **(4M)**

3. (D) State the Rate of Depreciation admissible under Income Tax Rules 1962 on Router? **(2M)**

4. (A) Sunjoy, a well-known Bengali singer, provides following information for the PY 2014-2015:

Sr No	Particulars	Amount (INR)
1	Singing Income from Kolkatta	510000
2	Singing Income from Assam	200000
3	Singing Income From Country "X" (No DTAA Exists)	40000
4	Tax Paid in Country "X"	20%
5	Singing Income From Country "Y" (No DTAA Exists)	30000
6	Tax Paid in Country "Y"	300
7	Amount Deposited in PPF Account	135000
8	Saving Bank Account Interest Income	5340
9	Gas Cylinder Subsidy Received from Indian Government	1327

Calculate the Income Tax Liability for Ay 2015-16. **(6M)**

4. (B) Mr. Pranav had received the notice on 23.2.2015 u/s 133C from the prescribed income tax authority requiring him to provide some information of his uncle aged 72 years against whom the income tax authority wants to precede the case. Mr Pranav is of the view that he is not liable to provide the information on the ground that the case is still not started so this may amount to fake inquiry against his uncle. **(3M)**

4. (C) Varun Shipping Company Ltd having registered office at Mundra Kutch had opted Tonnage Tax Scheme. The Details are as under for PY 2014-15:

Particulars	**MV Krishna**	**MV Arjuna**
Capacity	47449 Tonnes & 850 Kgs	25729 Tonnes & 100 Kgs
Days Operated	360 Days	199 Days
Income From Incidental Activity	Rs 15000	
Profit As Per P/L Account	Rs 60.50 Lacs	

Compute Tax Liability for AY 2015-16. **(6M)**

5. (A) On 4.3.2015, the survey is conducted in the premises of Arya Shipping Pvt Ltd for the only purpose of verifying the Tds compliance under sub heading B of Chapter XVII. During the course of Survey, the income tax authority wants to place marks of identification on the books of accounts/documents verified during the survey and he also wants to impound & retain the books of accounts/documents of the assessee in his custody for 10 working days. The Income tax Authority is of the view that as per the new provisions they can retain and impound the books / documents without any higher authority' prior approval. Is the action of income tax authority valid. **(6M)**

5. (B) Haridas Menon purchased the residential house on 1/4/2000 for Rs 10 Lacs and decided to sell the same to Gopal Nair on 3/12/2014 from whom he received token amount Rs 2 Lac, but due to some unavoidable reasons Gopal Nair could not purchased the said house so Haridas Menon forfeited 50% amount and returned him balance 50% amount. On 4/3/2015, Haridas Menon had sold the said house to Anil Choudhary for Rs 55 Lacs (Stamp Value Being Rs 60 Lacs). In the meantime Haridas had purchased the residential house on 4/4/2015 for Rs 8 Lacs in Kerela in the name of his wife. Also Hairdas had purchased another residential flat at Chackos Heights at Chennai for Rs 15 Lacs on 30/5/2015. He had also invested Rs 2 Lacs in REC Bonds on 1/6/2015 & Rs 3 Lacs in NHAI Bonds on 16/12/2015 and then he had filed his income tax return on 1/1/2016.

Compute the Taxable Capital Gains for AY 2015-16. CII – 2000-01 = 406, 2014-15 = 1024 **(5M)**

5. (C) State whether in following independent cases proposals to rectify proceedings under section 154 is valid: **(4M)**

a) Despite intimation of death of Mr Yadav (assessee), the AO had completed the assessment without bringing the legal representative (Mrs Yadav) on record, this order is sought to be rectified by bringing the legal representative (Mrs Yadav) on record.

b) Claim of Mr Sinha for Double Taxation Relief was rejected in original proceedings as there was not even evidence of tax paid in foreign country, Mr Sinha now seeks rectification on the strength of documents coming to his possession later on.

6. (A) Vipul had purchased the Residential House from Mehul at Anjar on 16.12.2014 for Rs 50.00 Lacs (Stamp Value being Rs 65.00 Lacs). Also Vipul had purchased Agricultural Land from Heerabhai at Gam Dhordo on 3.4.2015 for Rs 75.00 Lacs. Discuss the Tds implications that Vipul had to comply. **(4M)**

6. (B) Shree Ram Charitable Trust sold its property for Rs 360000 on 4.3.2015, which is purchased by it on 2.4.2000 for Rs 240000. It purchased the new property for Rs 300000. 40% amount is used for charitable purpose.

Compute Capital Gain Taxable to the Trust.

CII – 2000-2001 = 406 & 2014-15 = 1024. **(3M)**

6. (C) Shri Siddhivinayak Industries Ltd provides following information for year ended 31.3.2015 as under.

	Particulars	**Amt** *(Rs in Lacs)*
	Net Profit As Per P/L Account after Debiting & Crediting Following:	1550.00
1	Donation to Aam Janta Political Party	1.00
2	Donation to Jayshri Ltd (an approved Indian Company engaged in bio-technology business for its scientific purpose)	0.25
3	Depreciation Debited in Books of Accounts	2.20
4	Corporate Social Responsibility Expenditure	0.30
5	Indian Company Dividend Income	0.10
6	Income From SEZ Unit at KASEZ (in 6th year, 100% Export Sales)	25.00
7	Expenditure Relating to Payment to Contractor for the month February 2015. (Tds Not Deducted at all, then deducted in Oct 2015 and paid in Oct 2015)	1.00
8	Expenditure Relating to Payment for Technical Service but Tds Deducted 2% as per Contractor Payment for the month February 2015. (Difference Tds is deducted in March 2015 but it is paid duly with interest in Oct 2015)	0.50
9	Payment relating to Non Resident for January 2015, wherein Tds is Deducted in January 2015 but the payment is made in August 2015.	2.00
10	Travelling Expenditure includes the amount of travelling of MD of the company with his wife at show organised by Asian Heavy Industries Association at China.	0.25
	<u>Following Further Information is provided.</u>	
1	Depreciation as per Income Tax Rules	3.00
2	Profit on Revaluation of Fixed Assets	1.00

Compute the Total Income of the company for Ay 2015-16. Ignore MAT.

(8M)

7. (A) Samarth Rajya Sahakari Federation Ltd, assessee co-operative society was formed as a result of amalgamation of four loss making co-operative societies. Hence all the assets and liabilities of old 4 co-operative societies were taken over by new co-operative society and registrations of old co-operative societies was cancelled. The assessee co-operative society took the benefit of carry forward of losses of erstwhile four co-operative societies and filed its return. During the course of assessment AO contended that since the 4 co-operative societies are no more into existence, hence assessee co-operative society is not entitled to carry forward the loss. Is the contention of AO correct? Comment. **(4M)**

7. (B) Amit Sales & Services, a resident applicant, wants to seeks advance ruling regarding the transaction with Sunil Sales & Services (a resident party). Authority of Advance Rulings had rejected the application of Amit Sales & Services on the ground that a resident for resident cannot seek advance rulings. Is the action of advance rulings justified? **(4M)**

7. (C) Shakti, an individual, had subscribed to a Chit Scheme of Veer who is engaged in this Chit Business, wherein Shakti used to deposit a certain amount of money monthly. Shakti received a sum of Rs 135000 as Chit Dividend. Shakti claimed exemption on the said amount on the basis of Principle of Mutuality. During the course of assessment of Shakti, AO is of the view that said Chit Dividend to be taxable under section 28(iii) of Income Tax Act. However Shakti claims that he had derived such income from members of chit fund thereby it is a case of principle of mutuality, so it should be exempted. Is the contention of Shakti correct? Comment. **(4M)**

7. (D) The assessment of Mr Rohit, an individual, for AY 2011-12 was made under section 143(3) on 18/8/2013. An Appeal was filed by Rohit before Commissioner (Appeals) against the said assessment order which is decided in the favour against Rohit and the order is served to the Commissioner on 26/3/2014. The AO levies the penalty u/s 271(1)(c) vide his order dated 2/4/2015 for the aforesaid AY 2011-12 where 1st Appeals is decided against the assessee. Is the Penalty order well within four corners of time limts? Comment. **(3M)**