Total No. of Questions-**7** **VGIPCC** Total No. of Printed Pages- **7**

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

TAXATION

Question No. 1 is Compulsory

Attempt any **five** from the remaining **six** questions

Wherever required, suitable assumptions may be made by the candidate and stated clearly in the answer. Working notes should form part of the answer

1 (a) Akansha Private Limited had stated three star hotel in Delhi incurred capital expenditure of Rs. 60 Crores (Includes 8 Crores on acquisition of Land, 2 Crores for purchase of goodwill and 5 Crores old machines which is imported from outside India which had never used in India earlier) the same is capitalized in the Books of Account on 01-04-2011, the profit for the year is Rs. 20 Crores before claiming deduction under section 35AD. The company is also having another two star hotel which stated operation w.e.f. 15-09-2000, the profit from two star hotel for the year 2011-12 was 40 Crores.

i) Compute tax Liability for the Assessment year 2012-13

ii) What will be the tax liability if hotel is one star instead of two star.

(Marks 5)

(b) Mrs Reena purchased 1000 shares of Apollo Limited @ Rs. 25/- each on 13-05-1978 (The Fair Market Value as on 01-04-1981 was 30/- per share). On 28-02-1980 the company allotted Bonus shares in ratio 2:1. Mrs Reena gifted Original and Bonus shares to her Husband Mr. Kailash on his 50^{th} birthday on 15-07-2001. The Company further allotted Bonus shares in ratio 1:1 on 10-08-2010. He sold all shares on 23-07-2011 for Rs. 150/- each. The details of other income areas under:

Income under the head Salary of Mr. Kailash	Rs. 3,00,000/-
Income from House Property of Mrs. Reena	Rs. 4,50,000/-

Calculate Tax Liability of Mr. Kailash & Mrs. Reena for the Assessment year 2012-13.

Cost Inflation Index	**Financial Year**
1981-82	100
2001-02	426
2010-11	711
2011-12	785

(Marks 5)

(c) Ms. Juhi, Chartered Accountant holding certificate of practice, engaged in providing chartered accountancy services. The details of service provided during the Quarter ended 31-12-2011 are as under:

Bill Date	**Bill No.**	**Amount**	**Remarks**
05-10-2011	005	1,00,000/-	Internal Audit Service completed on 01-10-2011. Payment against service received Rs. 80,000/- on 25-10-2011.
03-11-2011	006	2,00,000/-	Charges for appearance before Income Tax Appellate Tribunal, New Delhi. Fee received on 15-01-2012

25-11-2011	007	50,000/-	Audit service provided in State of Jammu & Kashmir Fee received on 12-12-2011
10-12-2011	008	3,00,000/-	Statutory Audit Fee service completed on 15-11-2011, but payment against service Rs. 2,50,000/- received on 31-12-2011
25-12-2011	009	20,000/-	Service completed on 15-12-2011 but payment received on 12-12-2011

Ms. Juhi asks you to tell her the date of service tax liability arises for each bill and the due date for payment of service tax.

Assumption: All figures above are excluding service tax.

(Marks 5)

(d) Mr. Salman Khan (Trader), a Registered Dealer submits the following information for the month ended on 29-02-2012, you are required to calculate his Value added tax liability.

Particular	**Amount**
Opening Stock as on 01-02-2012	1,80,000/-
Purchased from Mr. Shyam within the State (Excluding VAT 4%)	5,50,000/-
Purchase from Outside the state (Excluding CST 2%)	1,40,000/-
Purchases from Composition Dealer (Excluding VAT)	1,00,000/-
Local Purchase of Capital Goods (Air Condition Excluding VAT 12.50%)	30,000/-
Goods consumed by Mr. Salman Khan (purchased from Mr. Shyam) for personal use costing Rs.	20,000/-
Closing Stock as on 29-02-2012	1,20,000/-
Direct Expenses for the Month	50,000/-
Profit on Cost of goods sold	20%
Sale within the state (Excluding VAT 4%)	30%
Sale outside state (Excluding CST 2%)	60%
Sale to Export Oriented Undertaking having exemption	10%

(Marks 5)

2 (a) Mr. Lucky Singh furnishes you the following information for the year ended 31-03-2012:

Trading and Profit & Loss Account for year ended on 31st March 2012			
Particular	**Amount**	**Particular**	**Amount**
To Opening Stock	5,00,000	By Sales	45,10,000
To Purchase	38,45,000	By Closing Stock	4,50,000
To Freight Inward	78,000		
To Gross Profit	5,37,000		
	49,60,000		**49,60,000**
To Salary	1,78,540	By Gross Profit	5,37,000
To Staff Welfare	15,200	By Income from House Property	54,000
To Loss on Sale of Fixed Asset	4,200	By Dividend from XYZ Inc USA	10,000
To Conveyance	25430	By Income Tax Refund	12,400
To Consultancy Charges	80,000	By Short Term Capital Gains on Listed Shares (111A)	20,000

To Donation to PM National Relief Fund	5,000		
To Insurance Charges	24,000		
To Municipal Taxes of House	10,000		
To Interest to suppliers	5,000		
To Family Planning Expenses	11,000		
To Petrol Expenses	11,400		
To Unabsorbed Depreciation	40,000		
To Depreciation	32,000		
To Net Profit	1,91,630		
	6,33,400		**6,33,400**

Additional Information:

1) Salary includes Rs. 24,000/- paid to Mr. Lucky Singh.
2) Insurance charges relates to the period from 1-07-2011 to 30-06-2012
3) Municipal Taxes paid during the year was only Rs. 8,000/-
4) Interest to suppliers paid on 31-12-2012
5) Family planning expenses incurred by the assessee is of revenue nature.
6) Consultancy includes Rs. 35,000/- where no tax has been deducted at source.
7) The details of Block of asset (15%) are as under:
   a. Opening WDV as on 01-04-2011 2,00,000/-
   b. Purchases on 30-11-2011 1,20,000/-
   c. Sale from the block 30,000/-
   (Purchase cost Rs. 34,200/-)
8) Details of House property let out as under:
   a. Municipal Rental Value 5,000/- per month
   b. Fair Rent 4,000/- per month

Compute Total Income of Mr. Lucky Singh for the assessment year 2012-13

(Marks 8)

(b) (i) When does payment of Services tax and filing of service tax return become mandatory?

(Marks 2)

(ii) Explain Rejection of Value as per Service Tax (Determination of Value) Rules, 2006?

(Marks 2)

(c) Export oriented undertaking is having lesser requirement of working capital discuss?

(Marks 4)

3 (a) Mr. Manoj Kumar, working in Pasupati India Limited, New Delhi provides you the following information for previous year ended 31st March 2012 calculate his tax liability.

Basic Pay as at 31st March 2012	40,000/- per month
Dearness Allowance (20% forming part)	25% of Basic pay
Commission	60,000/-
Bonus (Out of which Rs. 5,000/- not received during PY 2011-12)	15,000/-
House Rent Allowance (Rent paid Rs. 5,000/- per month)	10,000/- per month
Basic pay up to 31-08-2011	30,000/- per moth

Conveyance Allowance	1,000/- per month
He is entitled for Car Facility (Cubic Capacity 1400) for full year (Used partly official partly personal), Employer incurred expenses Rs. 10,000/- per month (Cost of Car 3,00,000/- Purchased on 02-07-2008, Put to use 04-09-2008)	
The above car sold to Mr. Manoj on 01-09-2011 for Rs.	50,000/-
Employer contribution to pension fund (Employee also contributes the same amount)	90,000/-
Telephone Facility (cost to employer)	18,500/-
Leave encashed during the year received Rs.	12,500/-
Professional Tax (Paid Rs, 2,000/-)	2,500/-
He paid Life Insurance premium of Rs.	80,000/-

(Marks 8)

(b) XYZ Private Limited is engaged in providing taxable services, for the month of July and August 2011, the details are provided as under:

Completion of Service on	Invoice issued on	Invoice No.	Invoice amount	Payment received on
03-07-2011	17-07-2011	008	1,00,000	1,00,000 (02-07-2011)
28-07-2011	11-08-2011	009	50,000	30,000 (27-07-2011) 20,000 (25-09-2011)
02-08-2011	31-07-2011	010	80,000	70,000 (10-08-2011)
09-08-2011	25-08-2011	011	35,000	Payment not received till 31-8-2011

Rs. 10,000/- against invoice No. 010 is not received due to deficiency in service for which the company has issued credit note.

You are required to calculate:

i) Point of taxation for each invoice as per Point of Taxation Rules, 2011

ii) Due date for payment of Service tax for each invoice, the company is required to make e-payment.

iii) Treatment of less payment received against Invoice No. 010

(Marks 4)

(c) List out to whom composition scheme under Value added tax is denied?

(Marks 4)

4(a)(i) Describe advancement of general public utility in the context of charitable purpose

(Marks 2)

(ii) Exemption to Electoral Trust u/s 13B of the Income Tax Act, 1961

(Marks 2)

(iii) Due date of filing of Income Tax Return u/s 139 in case of corporate assessee of the Income Tax Act, 1961

(Marks 2)

(iv) Exemption available to Chairman and Member of Union Public Service Commission u/s 10(45) of the Income Tax Act, 1961

(Marks 2)

(b)(i) Special provision of payment of service tax in case of Transport of passengers by Air Services.

(Marks 2)

(ii) Meaning of Small scale sector assessee under service tax laws.

(Marks 2)

(c) State with reasons whether the following statement are Correct or Incorrect in the context of VAT

i) Composition Scheme is compulsory

ii) VAT result in increase in Working Capital Requirement

(iii) Audit is mandatory Under VAT

(iv) Retail invoice should have TIN of Buyer

(Marks 4)

5(a)(i) Mr. Salman Khan received in inheritance a piece of land on death of his mother on 14-11-2006, the same was purchased by her mother on 01-05-2001 for Rs. 3,00,000/-. This house was sold by him on 02-05-2011 for Rs. 15,00,000/- the expenses on transfer is 5% of sale consideration, the Stamp duty value is Rs. 14,00,000/-. He had purchased house for Rs. 10,00,000/- on 05-05-2010. He has paid tuition fee Rs. 50,000/- of his two child. Calculate Tax payable assuming he is not having any house except which was purchased on 05-05-2010.

(Marks 4)

(ii) Mrs. Gurvinder Kaur working in ABC Private Ltd. concern receiving salary Rs. 25,000/- per month she retires on 01-01-2012. She organized a function to celebrate her retirement on 10-01-2012 and received the following:

From	**Particular**
Husband	Rs. 50,000/- Cash
From cousin of her husband	Rs.4,1000/- Account Payee cheque
From her cousin brother	Mobile Phone worth Rs. 45,000/-
From Director of ABC Pvt. Ltd.	Air Condition worth Rs. 52,000/-
From Friends	Rs. 10,000/-

Calculate her Taxable Income?

(Marks 4)

(b) Procedure for getting centralized registration under service tax laws

(Marks 4)

(c) Mr. Patwardhan, dealer provides you the tentative details for the year 2011-12, you are required to advice him whether he should opt for composition scheme.

Turnover for the year (Local)	Rs. 40,00,000/- (Excluding VAT 4%)
Purchase from the Local Market	Rs. 30,00,000/- (Including VAT 12.50%)
Estimated Expenses	Rs. 2,00,000/- That will reduce by 40,000/- if opt for Composition scheme.

VAT Rate under Composition scheme is 1%. If he opt for composition scheme he will also loose profit on interstate sale to the tune of Rs. 85,000/-

(Marks 4)

6(a)(i) Mr. Natwar lal, a businessman having income from business during the year 2011-12 is Rs. 20,00,000/- before claiming deduction u/s 35. You are required to calculate total income of the assessee for assessment year 2012-13

Particular	Amount
Amount incurred for in-house Scientific research (Including Rs. 2,00,000/- on Land)	5,00,000
Amount given to Indian Company engaged in Scientific Research approved by Prescribed Authority	2,00,000
Amount given to Approved Research Association for Scientific Research	1,50,000
Amount given to University for Social & Statistical Research	2,00,000
Amount given to Indian Institute of Technology for Scientific Research for programme approved by prescribed authority	1,00,000

Mr. Natwar Lal also having business losses of A.Y. 2003-04 Rs. 1,50,000/- and for A.Y. 2005-06 Rs. 2,00,000/- and unabsorbed depreciation of Rs. 80,000/-

(Marks 4)

(ii) Calculate tax liability of Mrs. Rani Mukherjee from the following information:

Particular	Amount
Income from House Property	3,00,000
Income from business situated in India before depreciation of Rs. 80,000/-	50,000
Short Term Capital on Listed Shares u/s 111A	80,000
Long term capital gain on sale of jewellery	1,25,000
Long term Capital loss on sale of building situated in India	85,000
Unabsorbed Depreciation	45,000
Income from Lottery (Net of TDS Rs. 30,900)	69,100
Mediclaim Insurance premium paid for family (Rs. 3,000 paid in cash)	14,000

(Marks 4)

(b) Explain provisions regarding provisional payment of service tax under service tax law.

(Marks 4)

(c) Explain different method of computation of VAT, which method is used in India?

(Marks 4)

7(a) Answer **any two** of the **three** sub-division

(i) Mr. Kailash Arora, leave India for the first time on 28th September 2011, his maternal grandmother was born near Karachi in 1940. He is also having HUF of which he is Karta, all decision of HUF are taken outside India except appointment of auditor. Calculate the status of Mr. Kailash Arora and his HUF for the assessment year 2012-13.

(Marks 4)

(ii) An Indian Company having Business Income Rs. 1,01,45,600/- and agriculture income Rs. 205,000/- Calculate tax payable.

(Marks 4)

(iii) Transactions not regarded as transfer u/s 47 of Income tax Act, 1961

(Marks 4)

(b) Laxmi Limited engaged in providing Technical Testing and Analysis Services, following events took place in the Month of February 2012.

Particular	**Amount (Rs. "000")**
Technical testing service provided to XYZ Limited	850
Charges for analysis of Blood Reports	100
Charges for testing of water quality supplied by local authority	200
Charges for Technical testing for Breed of cow	20

All of the above services completed on 28-02-2012, but the invoice has been raised on 14-03-2012. You are required to calculate:

i) Point of Taxation

ii) Value of taxable service and service tax thereon

iii) Due date for payment of service tax

iv) Amount payable along with interest (if any) if company made the payment on 20-03-2012. (The Company is not a small scale service provider and E-payment is mandatory)

(Marks 4)

(c) Mr. Vikas, dealer provides you the following information for the month of December 2011, calculate VAT/CST payable

Particular	**Amount**
Opening stock	1,20,000
Local purchases excluding VAT 4%	2,00,000
Interstate purchases excluding tax 2%	5,00,000
He do stock transfer of goods purchased from the local market from one city to another city in the same state (Excluding tax 4%)	50,000
Direct expenses	20,000
Sale within the state (Excluding VAT 4%)	4,00,000
Sale outside the state (Excluding CST 2%)	2,30,000

(Marks 4)

CA VIJAY GAURAV

CA-IPCC TAXATION/LAW

FOR NOV 2012 EXAM

TAXATION

Start	Days	Completed by	Time	Fees
10-05-2012	T. T. S.	02-08-2012	8-11 am	6400/-
11-05-2012	M. W. F.	03-08-2012	5-8 pm	6400/-

BUSINESS LAW, ETHICS AND COMMUNICATION

Start	Days	Completed by	Time	Fees
10-05-2012	T. T. S.	02-08-2012	11.30-2.00 pm	4600/-

COMBINED FEE Rs.~~11000/-~~ 10000/-

Feedback from Students

“Daily half an hour for revision by giving question on previous class concept and refreshment concept was very good”. More and more question practice in class and home were very effective. **Yogesh Kataria**

Dear Sir, very thanks for your valuable notes & Questions. It‘s been a wonderful experience with no doubts at all .U R THE BEST THANK U. **Ravi Shankar**

Teaching style is excellent and the focus on the concept with examples is mind blowing. **Rahul**

Teaching method is excellent; the fear of numerical inside me has been removed only because of you. **Shagun**

STUDENTS OF CA VIJAY GAURAV

(MARKS IN TAXATION)

SMS
IPCCTAX

					

	Abhishek (50571)	Sumit (156466)	Rahul Garg (60870)	Rahul (182893)	Madhu (194829)	Vishal (49830)
Marks	86	78	73	70	69	65
Rank	5th					41st

May 2o11			Nov 2o10		
Name of the Student	Roll No.	Marks	Name of the Student	Roll No.	Marks
Kamal Sharma	51673	69	Sumit	156466	78
Rahul	40776	69	Hariom	58681	75
Anubhav	49729	68	Tarun	57968	72
Rajendra	187675	67	Shivam	179585	70
Shweta	49574	66	Raghav	188640	68
Rahul	44171	66	Yogesh	58906	67

Md. Fayaz	**51520**	**64**	**Rajat**	**62540**	**66**
Snesha	**51679**	**64**	**Sanjeev**	**57930**	**66**
Vinod kumar	**43574**	**63**	**Radhika**	**167421**	**66**
Raju Prasad	**52077**	**63**	**Sachin**	**52626**	**66**
Vikram kumar	**49813**	**63**	**Sunil**	**56736**	**65**
Sunny	**196323**	**62**	**Shreesha**	**55818**	**64**
Manish	**52219**	**62**	**Geetika**	**176615**	**64**