CA IPCC Tax Paper Nov.2013

Solution by Prudential Classes, Indore (CA. Manish Dafria)

Q No.	Particulars	Answer	Imp. Points/Assumptions
Q.1 (a)	Total Income	260750	i. Gift recd. not taxable being less then Rs. 50000. ii. No depreciation. iii. No deduction for Municipal Taxes as no payment by assessee. iv. Minor income clubbed Rs. 8500 v. Chap. VI-A Deduction- 80DD Rs. 1,00,000 80E Rs. 10000
Q.1 (b)	Tax Payable	148320	Assumptions : i. "Other Receipts" are against taxable services. ii. No other services provided prior to March 13 and as such Rs. 10,00,000 exemption is available against taxable services of March 13. iii. Education cess given in Question is 1% but taken as 2% since as per law it is 2%.
Q.1 (c)	Net VAT Liability	10752	
Q.2(a)	Net Income	41352	i. G.A.V. Rs. 1,08,000. ii. No deduction for Light & Water Charges, Insurance Charges and Painting Expenses
Q2 (c)	Excess Credit C.F.	(-)15000	
Q.3 (a)	Salary Chargeable To Tax	546166.3	Basic Salary 302500, DA 45375, Bonus 41250. PF Taxable 20872.50, Tel. Allowance Taxable 12000. House Perq. Taxable @15% 60168.75. Medical Reimb. Taxable 25000. House Keeper 24000. Car - : 36600 - (1800 x12)= 15000 Gift voucher not taxable as less then Rs. 5000. Assumption : Value of free lunch does not exceed Rs. 50 per meal
Q.4 (a)	Long Term Capital Gains Chargeable	1248000	LTC Gain from Land 1348000 (after indexation) STC Loss from house -100000
Q.4 (b)			i. Interest taxable under Income From Other Sources 48000 (50% deduction is allowed) ii. Rent for Agri. Land for movies shooting- taxable under Income From Other Sources –Rs. 72000
Q.4 (c)			i. Yes ii. Yes
Q. 5 (b)	Depreciation	10.1 lacs	No additional dep. Allowed on Colombo plant as it is a 2nd hand plant. Add. Dep. Allowed on computer as installed in generation wing.
Q.5 (c)			Value of taxable service – 58 lacs Tax payable – 7,16,880. e-filing of return – mandatory for all. Assumption: Amounts are exclusive of service tax
Q.6 (a)	Total Income	283000	Plot capital gains is Short Term hence no indexation. All dividends are exempt (assumed to be from Indian company) 80C deduction Rs. 100000 for House Loan repayment.
Q 7 (b)	Business Income	2. 8 Lacs	Ded. For SEZ income – Rs. 12 Lacs.

For detail solution of any question, you may mail to naeemshake@gmail.com or pru.class@gmail.com. Call 9826046463