Roll No.[redacted]........

Total No. of Questions—8] [Total No. of Printed Pages—7

Time Allowed—3 Hours Maximum Marks—100

YDL

Answers to questions are to be given only in English except in the case of candidates who have opted for Hindi medium. If a candidate who has not opted for Hindi medium, answers in Hindi, his answers in Hindi will not be valued.

Answer **all** 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.

Marks

1. State with reason, any five sub-divisions, whether the following statements are true or false with regard to the provisions of the Income-tax Act, 1961 for the Assessment year 2008-09 : 5×2 =10

   (a) Compensation on account of disaster received from local authority by an individual or his/her legal heir is taxable.

   (b) Filing belated return u/s 139(4) of the Income-tax Act, 1961 will debar an assessee from claiming deduction u/s 80ID or 80IE of the Act.

   (c) Rural branches of the cooperative banks are not allowed to claim provision for bad and doubtful debts.

   (d) Income to a non-resident by way of interest, royalty and fee for technical services deemed to accrue or arise in India is taxable in India irrespective of territorial nexus.

   (e) Depreciation is allowed only when it is claimed.

   (f) Capital gain of Rs. 75 lakh arising from transfer of long term capital assets will be exempt from tax if such capital gain is invested in the bonds redeemable after three years, issued by NHAI u/s 54EC of the Act.

Marks

2. Dr. Smt. Niranjana, a resident individual, aged 60 years is running a clinic. Her Income and Expenditure Account for the year ending March 31st, 2008 is as under : 20

Expenditure	Amount Rs.	Income	Amount Rs.
To Medicine consumed	5,38,400	By Consultation and Medical charges	18,85,850
To Staff salary	3,80,000	By Income-tax refund (principal Rs. 5,000 interest Rs. 450)	5,450
To Clinic consumables	1,10,000	By Dividend from units of UTI	10,500
To Rent paid	90,000	By Winning from game show on T.V. net of TDS (TDS Rs. 16,830)	33,170
To Administrative expenses	2,55,000	By Rent	27,000
To Amount paid to scientific research association approved u/s 35	1,50,000		
To Net profit	4,38,570		
	19,61,970		19,61,970

(i) Rent paid includes Rs. 30,000 paid by cheque towards rent for her residential house.

(ii) Clinic equipments are :

1.4.2007 Opening W.D.V. — Rs. 5,00,000
7.12.2007 Acquired (cost) — Rs. 2,00,000

(iii) Rent received relates to a property situated at Surat. Gross annual value Rs. 27,000. The municipal tax of Rs. 2,000 paid in December, 2007, has been included in "administrative expenses".

(iv) She received salary Rs. 7,500 p.m. from "Full Cure Hospital" which has not been included in the "consultation and medical charges".

(v) Dr. Niranjana availed loan of Rs. 5,50,000 from a bank for higher education of her daughter. She repaid principal of Rs. 1,00,000 and interest thereon Rs. 55,000 during the year 2007-08. 80E

(vi) She paid Rs. 1,00,000 as tuition fee (not in the nature of development fees/ donation) to the university for full time education of her daughter.

80C

(vii) An amount of Rs. 18,000 has also been paid by cheque on 27th March, 2008 for her medical insurance premium.

From the above compute the total income and tax payable thereon by Dr. Smt. Niranjana for the Assessment year 2008-09.

3. (a) Mr. M is a area manager of M/s N. Steels Co. Ltd. During the financial year 2007-08, he gets following emoluments from his employer : 6

Basic Salary		
Up to 31.8.2007	:	Rs. 20,000 p.m.
From 1.9.2007	:	Rs. 25,000 p.m.
Transport allowance	:	Rs. 2,000 p.m.
Contribution to recognised provident fund	:	15% of basic salary and D.A.
Children education allowance	:	Rs. 500 p.m. for two children
City compensatory allowance	:	Rs. 300 p.m.
Hostel expenses allowance	:	Rs. 380 p.m. for two children
Tiffin allowance (actual expenses Rs. 3,700)	:	Rs. 5,000 p.a.
Tax paid on employment	:	**Rs. 2,500**

Compute taxable salary of Mr. M for the Assessment year 2008-09.

(b) Mr. X owns one residential house in Mumbai. The house is having two units. First unit of the house is self occupied by Mr. X and another unit is rented for Rs. 8,000 p.m. The rented unit was vacant for 2 months during the year. The particular of house for the previous year 2007-08 are as under : 9

Standard rent	:	Rs. 1,62,000 p.a.
Municipal valuation	:	Rs. 1,90,000 p.a.
Fair rent	:	Rs. 1,85,000 p.a.
Municipal tax	:	15% of municipal valuation
Light and water charges	:	Rs. 500 p.m.
Interest on borrowed capital	:	Rs. 1,500 p.m.
Lease money	:	Rs. 1,200 p.a.
Insurance charges	:	Rs. 3,000 p.a.
Repairs	:	Rs. 12,000 p.a.

Compute income from house property of Mr. X for the Assessment year 2008-09.

Marks

4. (a) Mr. P, a resident individual, furnishes the following particulars of his income and other details for the previous year 2007-08 : 6

		Rs.
(i)	Income from salary	18,000
(ii)	Net annual value taxable under income from house property	70,000
(iii)	Income from business	80,000
(iv)	Income from speculative business	12,000
(v)	Long term capital gain on sale of land	15,800
(vi)	Loss on maintenance of horse race	9,000
(vii)	Loss on gambling	8,000

Depreciation allowable under the Income-tax Act comes to Rs. 8,000 for which no treatment is given above.

The other details of unabsorbed depreciation and brought forward losses are :

		Rs.
(i)	Unabsorbed depreciation	9,000
(ii)	Loss from speculative business	16,000
(iii)	Short term capital loss	7,800
(iv)	Unrealised rent	17,000

Compute the gross total income of Mr. P, for the Assessment year 2008-09 and amount of loss that can or cannot be carried forward.

(b) Mr. Prasad is the Karta of Hindu undivided family. The family declares gross total income Rs. 4,00,000 for the assessment year 2008-09. The gross total income includes taxable long term capital gain Rs. 65,000 and short term capital gain Rs. 35,000 which is taxable @ 10% u/s 111A of the Income-tax 8

30 ×10 = 301 00

Mar

Act, 1961. The details of HUF fund investment made during the year 2007-08 are :

			Rs.
(i)	Amount deposited in public provident fund in the name of members of HUF		10,000
(ii)	Medical insurance premium paid by cheque —		
	(a) in the name of Karta	4,000	
	(b) in personal name "Prasad"	5,000	**9,000**
(iii)	Contribution made to —		
	(a) Indira Gandhi Memorial Trust 100%	7,000	
	(b) Delhi University (declared as an institution of national eminence)	3,000	
	(c) Zila Saksharta Samiti	5,000	
	(d) An approved charitable institute 50%	30,000	
	(e) ~~Government for the purpose of~~ promoting family planning 100%	10,000	
	(f) Hanuman Temple in Mohalla 50%	20,000	75,000

Compute total income of HUF chargeable to tax for the Assessment year 2008-09.

5. Answer any **four** of the following five sub-divisions with regard to the provisions of the Income-tax Act, 1961 : 4×4 =16

(a) Mrs. X an individual resident woman wanted to know whether Income-tax is attracted on sale of gold and jewellery gifted to her by her parent at the occasion of her marriage in the year 1979 which was purchased at a total cost of Rs. 2,00,000 ?

(b) Can an Assessing Officer make a request for withdrawal of approval which was granted to an institution by National Committee for carrying out eligible project or scheme, eligible u/s 35AC of the Income-tax Act, 1961 ?

(c) Explain the concept of "Marginal Relief" under the Income-tax Act, 1961.

(d) Briefly explain provisions of Section 80U of the Income-tax Act, 1961, in respect of deduction available on permanent physical disability.

Marks

(e) Explain with brief reason whether the return of income can be revised u/s 139(5) of the Income-tax Act, 1961 in following cases :

(i) Defective or incomplete return filed under Section 139(9).

(ii) Belated return filed under Section 139(4).

(iii) Return already revised once u/s 139(5).

(iv) Return of loss filed under Section 139(3).

6. Answer any **five** of the following : 2×5=10

(a) Can we say that levy of VAT will have effect on retail price of goods ?

(b) Explain as to how and when the amendments made in Finance Bill, in respect of service tax matters come into force ?

(c) Who is responsible to pay service-tax when the recipient of sponsorship services is located outside India ?

(d) Whether "free services" after sale of motor vehicles, given by the authorised dealers, for which they are reimbursed by the vehicle manufacturers, are subject to service tax ?

(e) Who is liable to pay E-payment of service tax ?

(f) Whether life insurer carrying on life insurance business has option to calculate service tax at different rate ?

7. (a) Mr. X, the owner of a property had entered into an agreement with a bank. The agreement was entered into on 1st April, 2007 to give ground floor of the property on rent on monthly rent of Rs. 75,000 p.m. The bank had taken the property for commercial purpose. Explain whether Mr. X is liable to pay service tax on the transaction with bank ? 3×2 =6

(b) Mr. Y, a consulting engineer raised a bill of Rs. 2,24,720 (including service tax) on his client for consulting services rendered by him in the month June, 2007. A partial payment of Rs. 1,68,540 was received by Mr. Y in the month March, 2008. Compute the service tax amount payable by Mr. Y and the due date by which service tax can be deposited.

Marks

8. Answer any **three** of the following : 3×3=9

(a) Can service-tax return be revised by a person ?

(b) Explain "Input Tax Credit" in context of VAT.

(c) What are the exceptions to input tax credit ?

(d) What are the due dates for payment of service tax ?