

**Note: All questions are compulsory.**

**Question 1**

**(A)** Mr. Raghuvver, a Resident Individual aged 35 years, furnished the following information from his Profit and Loss Account for the year ended 31st March 2018:

- (i) The Net Profit was ` 6, 50,000.
- (ii) The following Incomes were credited in the Profit & Loss Account:
  - (a) Interest on Government Securities ` 25,000.
  - (b) Dividend from a Foreign Company ` 18,000.
  - (c) Gold Coins worth ` 55,000 received as Gift from his father.
- (iii) Depreciation debited in the books of a/c was ` 85,000. Depreciation allowed as per Income Tax Act, 1961 was ` 96,000.
- (iv) Interest on Loan amounting to X 68,000 was paid in respect of Capital borrowed for the purchase of the New Asset which has not been put to use till 31st March 2018.
- (v) General Expenses included:
  - (a) An expenditure of ` 20,500 which was paid by a Bearer Cheque.
  - (b) Compensation of ` 4,500 paid to an Employee while terminating his services in Business Unit.
- (vi) He contributed the following amounts by Cheque:
  - (a) ` 45,000 in Sukanya Samridhi Scheme in the name of his minor daughter Alpa.
  - (b) ` 20,000 to the Swachh Bharat Kosh set up by the Central Government.
  - (c) ` 28,000 towards Premium for Health Insurance & ` 2,500 on account of Preventive Health Checkup for Self and his wife.
  - (d) ` 35,000 on account of Medical Expenses of his father aged 82 years (no Insurance Scheme had been availed on the health of his father).

You are required to compute the Total Income of Mr. Raghuvver. **(10 marks)**

**(B)** Which Activities treated as Supply even if it is made without Consideration? **(5 marks)**

**(C)** What Exempt Supply under GST? **(5 marks)**

**Question 2**

**(A)** Difference between Application of Income vs Diversion of Income. **(4 marks)**

**(B)** Computation of Taxable Salary-Taxability of Allowances - N 08

Mr. M is an Area Manager of M/s N Steels Ltd. During the PY 2017-2018, he gets following emoluments from his Employer -

Basic Salary	Upto 31.08.2017 - ` 20,000 p.m., From 01.09.2017 - ` 25,000 p.m.
Transport Allowance	` 2,000 p.m.
Contribution to Recognized Provident Fund	15 % of Basic Salary and D.A.
Children Education Allowance	` 500 p.m. for two children
City Compensatory Allowance	` 300 p.m.
Hostel Expenses Allowance	` 380 p.m. for two children
Tin Allowance (Actual Expenses ` 3,700)	` 5,000 p.a.
Tax paid on employment	` 2,500.

Compute Taxable Salary and Tax Payable of Mr. M for the Assessment Year 2018-2019. **(8 marks)**

(C) What is Taxable Event under GST? (4 marks)

**Question 3**

(A) Pritam occupied two flats for his residential purpose, particulars of which are as follows –

Particulars	Flat 1	Flat 2	Particulars	Flat 1	Flat 2
Municipal Valuation	2,70,000	1,35,000	Municipal Taxes paid	10%	10%
Fair Rent	3,60,000	1,20,000	Fire insurance	3,000	1,800
Fair Rent under Rent Control Act	2,40,000	NA	Interest payable on Loan for purchase of Flat	1,20,000	NIL

Income of Pritam from his proprietary business, "Pritam Warehousing Corporation" is ₹ 19,50,000.

Determine the Taxable Income and Tax Liability for AY 2017-2018, on the assumption that he contributes ₹ 80,000 towards the Public Provident Fund.

**You are informed that Pritam could not occupy Flat 2 for two months commencing from December 1, 2015 and that he has attained the age of 60 on 23<sup>rd</sup> August 2016. (8 marks)**

(B) A Korean Company Damjung Ltd, entered in to the following transactions during the financial year 2017-2018. Explain briefly, whether, these receipts are chargeable to Tax in India. (4 marks)

Particulars
1. Received ₹ 20 Lakhs from a Non-Resident for use of Patent for a business in India.
2. Received ₹ 15 Lakhs from a Non-Resident Indian for use of Know-How for a business in Sri Lanka and this amount was received in Japan. [Assume that the above amount is converted / stated in Indian Rupees].
3. Received ₹ 7 Lakhs from RR Co. Ltd, an Indian Company, for providing Technical Know-How in India.
4. Received ₹ 5 Lakhs from R & Co. Mumbai for conducting the Feasibility Study for a new project in Nepal and the payment was made in Nepal.

(C) What Reverse Charge under GST? (4 marks)

**Question 4**

(A) ABC is a Partnership Firm carrying on business, in which A, B and C are Partners sharing profits and losses equally. In respect of Assessment Year 2018-2019, it furnishes the following particulars -

(a) Loss as per P&L A/c after debiting remuneration to Partners and interest on their Capital ₹ 2,50,000

(b) Remuneration to Partners: A - 90,000, B - 60,000, and C - 30,060: Total = ₹ 1,80,000

(c) Interest paid on Capital; Capital as on 01.04.2017 Interest

A	₹ 1,00,000	₹ 20,000
B	₹ 1,00,000	₹ 20,000

C ₹ 1,00,000 ₹ 20,000

Calculate the Income of the Firm and of the Partners A, B and C assuming that the Partners have no other income. **(8 marks)**

**(B)** The Gross Total Income of Mr. Nepal for the Assessment Year 2018-2019, was ₹ 12,00,000. He has made the following investments / Payments during the year 2017-2018:

S.No	Particulars	₹
1.	L.I.C. Premium paid (Policy Value ₹ 1,00,000)	25,000
2.	PPF Amount paid	25,000
3.	Repayment of Housing Loan to Indian Bank	50,000
4.	Payment made to L.I.C. Pension Fund	20,000
5.	Medical Insurance Premium for self, wife and dependent Children.	18,000
6.	Mediclaime Premium for Parents (aged over 80 years)	30,000

Compute eligible deduction under Chapter VI A for the Assessment Year 2018-2019. **(4 marks)**

**(C)** Determine the time of supply of Services from the following particulars:

Mr. Vineet, a Service Provider, received an Advance of ₹ 1,00,000 from Mr. X on 05<sup>th</sup> April as part payment for a service. The Service was completed on 10<sup>th</sup> April and the date of Invoice was 16<sup>th</sup> May. He received the remaining amount of ₹ 1,50,000 on 14<sup>th</sup> June. **(4 marks)**

#### Question 5

**(A)** Paulomi has transferred 1,000 Shares of Hetal Ltd, (which she acquired at cost of ₹ 10,000 in 1.4.2015 to Dhaval, her brother, at a consideration of ₹ 3,41,476 on 15.05.2017 privately.

During the Previous Year 2017-2018 she has paid through e-banking ₹ 15,000 towards Medical Premium, ₹ 50,000 towards L.I.P. and ₹ 25,000 towards PPF.

Assuming she has no other source of Income, compute her Total Income and Tax Payable for Assessment Year 2018-2019. **(8 marks)**

**(B)** Mr. Sachal, a Resident Individual aged 54, furnishes income details as under:

- Wholesale Cloth Business, whose turnover is ₹ 150 Lakhs, for which accounts are audited u/s 44AB. Income from such Business ₹ 8,10,000.
- Income from Other Sources ₹ 2,70,000.
- Tax Deducted at Source ₹ 25,000.
- Advance Tax paid ₹ 1,03,000 on 14.03.2018.

Return of Income will be filed on 11.12.2017. The Assessee is willing to pay the requisite Self- Assessment Tax. Calculate the Interest Payable under Section 234B of the Income-Tax Act, 1961. Assume that the Return of Income would be processed on the same day of filing of return. **(4 marks)**

**(C)** Jack and Jill Ltd. has provided the following particulars relating to goods sold by it to Jingle Bells Pvt. Ltd.

Particulars	₹
List price of the goods (exclusive of taxes and discounts)	1,00,000
Tax levied by Municipal Authority on the sale of such goods	10,000
CGST and SGST chargeable on the goods	20,880
Packing charges (not included in price above)	2,000

Jack and Jill Ltd. received ₹ 4000 as a subsidy from a Twinkle Trust a Non-Governmental organization on sale of such goods. The price of ₹ 1,00,000 of the goods is after considering such subsidy. Jack and Jill offers 4% discount on the list price of the goods which is recorded in the invoice for the goods. Determine the value of taxable supply made by Jack and Jill Ltd. **(4 marks)**

#### Question 6

**(A)** Mr. A is an Employee of Larsen Limited and has substantial interest in the Company. His Salary is ₹25,000 p.m. Mrs. A also is working in that Company at a Salary of ₹10,000 p.m. without any professional qualification. Mr. A also receives ₹30,000 as Income from Securities, Mrs. A owns a House Property which she has let out. Rent Received from such House Property is ₹12,000 p.m. Hr. & Mrs. A have three minor children - two twin daughters and one son, Income of the twin daughters is ₹2,000 p.a. and that of his son is ₹1,200 p.a. Compute the Income of Mr. and Mrs. A. **(8 marks)**

**(B)** State whether filing of Income Tax Return is mandatory for the Assessment Year 2018-2019 in respect of the following cases: **(answer any four)**

- (i) Research Association eligible for exemption u/s 10(21) having Total Income of ₹2,60,000.
- (ii) Registered Trade Union eligible for exemption u/s 10(24) having following Incomes:  
Income from House Property (computed) ₹60,000 Income from Other Sources (computed) ₹40,000
- (iii) A Charitable Trust registered u/s 12AA, having Total Income of ₹2,70,000.
- (iv) A Limited Liability Partnership (LLP) with Business Loss of ₹1,30,000.
- (v) University having Total Income ₹46,00,000 before giving effect to exemption u/s 10(23C). **(4 marks)**

**(C)** ABC Co Ltd procured the following Inputs during the Month of January. Determine the amount of Input Credit available with necessary explanation for the treatment of various items.

Items	GST paid (₹)
Raw Materials	52,000
Manufacturing Machine	50,000
Capital Goods (Fully capitalized including GST value for claiming depreciation)	40,000
Truck used for Transportation of RM	50,000
Food to Employees	50,000

**(4 marks)**

**Question 7**

**(A)** Mr. Rajat submits the following information for the Year ending 31.03.2018. He desires that you should -

- (i) Compute the Gross Total Income, and (ii) Ascertain the amount of losses that can be carried forward.
- (a) He has two houses -
  - (i) House No. I - After all statutory deductions 72,000
  - (ii) House No. II- Current year loss (30,000)
- (b) He has three proprietary businesses -
  - (i) Textile Business:
    - Discontinued from 31.10.2017 - Current year loss (40,000)
    - Brought forward business loss of the Assessment Year 2014-2015 (95,000)
  - (ii) Chemical business:
    - Discontinued from 01.03.2016 - hence no Profit / Loss NIL
    - Bad debts allowed in earlier years recovered during this year 35,000
    - Brought forward business loss of the Assessment Year 2016-2017 (50,000)
  - (iii) Leather business: Profit for the current year 1,00,000
  - (iv) Share of Profit in a Firm in which he is a partner since 2009 16,550
- (c) (i) Short term Capital Gains 60,000  
(ii) Long Term Capital Loss 35,000
- (d) Contribution to LIC towards Premium 10,000

**(8 marks)**

**(B)** What are the provisions relating to Tax Deduction at Source in respect of —

- A. ABC Ltd paid ₹19,000 to one of its Directors as Sitting Fees on 01.01.2018.
- B. Mr. X sold his House to Mr. Y on 01.02.2018 for ₹60 Lakhs. **(4 marks)**

**(C)** What is Periodicity of Returns in GST regime? **(4 marks)**