

TY BBA - NOV 2016

Tax Planning (Direct Tax) Code: 8893

Time: 3 Hours

Marks: 100

1-A) Discuss Tax Planning, Tax Avoidance & Tax Evasion in detail.

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1-B) Mr. Popatlal is a foreign citizen, who stayed in India for 112 days during the previous year 2015-16. Determine his residential status for the AY 2016-17 on the basis of following information:

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Financial Year (PY)	Days	Financial Year (PY)	Days
2014-15	70	2006-07	120
2013-14	20	2005-06	116
2012-13	170	2004-05	35
2011-12	120	2003-04	97
2010-11	311	2002-03	270
2009-10	267	2001-02	35
2008-09	135	2000-01	185
2007-08	68		

OR

1-A) Define: a) Assessee b) Assessment Year c) Previous Year d) Income e) Person

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1-B) Smt. Babita provide the following particulars of her income relevant to PY 2015-16

1) Interest from property in USA	360000
2) Interest on fixed deposits with Indian Co. received in Tokyo	34000
3) Business profit earned in earlier previous year and received in Karachi brought to Bhavnagar (India) during current PY	200000
4) Profit from Business in London. Business is managed from India. ( 40% received outside India)	400000
5) Pension from former Indian employer received in New York.	200000

Compute her gross Income if she is

a) Resident b) Resident but not ordinary resident c) Non-resident

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2) From the following details of salary income of Mr. Tarak Mehta, M.D. of Gokuldharm Ltd. for the PY 2015-16, compute his taxable income under head of Salary for AY 2016-17

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Basic Salary	2,96,000
Bonus	43,750
Entertainment Allowance	5,000

Payment made by the company for free supply of gas-electricity provided for personal use	6250
House servant salary reimbursed by employer	14400
Children education Allowance Rs.300 per child per month (He has three child)	-
Hostel Allowance received (only one child studying in hostel)	5000
Concessional lunch facility during the office hours (cost per dish Rs.90 for 290 days is borne by the company) a token amount of Rs.10 is deducted from his salary	-
The company has also paid salary of Watchman & Cook at Rs.9600 & Rs.18000 respectively	-
Cost borne by the company for free holiday home facility at Goa	36000
Tarak Mehta bought his personal article worth Rs.27,500 by using company credit card	-
Employer has provided him car (1800 CC) for personal & office use with driver (Maintenance exp. Paid by employer)	-
Company contributes Rs.36250 to RPF while employee contribute Rs.40625 to RPF	-
Interest credited to her RPF @10.5% is Rs.23,100	-
Employer has provided him rent free Accommodation at Gokuldham Society, Mumbai (having population greater than 25 lacs) with furniture costing Rs.5,00,000. (Fair rental value of House is Rs.20000 per month)	-
Deposited in PPF	60000
Professional tax	2400
LIC premium	20000

Note: Deduction U/S 80(C) to be claimed up to Rs.1,50,000 per annum.

OR

2-A) Compute taxable income from House property of Hathibhai for AY 2016-17 15

Particulars	House "Komal"	House "Goli"	House "Jadiyo"
Use	Self occupied	Let out	Self occupied
Municipal Valuation	40000	37500	15000
FR	45000	50000	18000
SR	-	55000	-
Municipal tax (paid)	20%	20%	20%
Payment for tenant amenities	-	1500	-
Repairs	2000	2500	1500
Insurance premium (paid)	1250	1000	750
Interest of PY on loan taken for construction	15000	15000	5000
1/5 <sup>th</sup> part of total	-	7500	2575

interest for pre construction period			
Year of Completion of construction	2014-15	2011-12	2012-13

Other Details:

1) House "Goli" (consist of two units and the area is in the ratio of 3:2) has been let out to two tenants. Rent is Rs.2250 for unit 1 and Rs.1500 for unit 2 per month. (rent of unit 2 is inclusive of amenities)

2) the tenant who was in possession of Unit 1 had vacated the house on 31-1-16 without making payment of last two months rent. The unit remained vacant up to 31-3-16.

3) The tenant who was in possession of Unit 2 had also vacated house on 1-3-16. This unit remained vacant in March,2016.

2-B) Explain Gross Annual value and Net Annual Value with its procedure to determine such values.

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Q:3 Given below is the Receipt & Payment A/c of Dr.Jethalal for the year ended 31-3-16. 20

Receipt	Amount	Payment	Amount
To balance B/d	72000	By Clinic Rent	72,000
To Visit Fee	56,000	By Staff Salaries	6,09,000
To Consultation Fee	10,32000	By rent of consulting Room	6,000
To Sale of medicine	23,000	By Electricity	33,000
To operation theatre rent	42,000	By purchase of medical Books & Magazines	5000
To dividend	3000	ByPurchase of Surgical equipment (1-7-15)	3,90,000
To Interest on Treasury saving certificate	2000	By Motor car Exp.	29,000
Sale of Surgical equipment	8000	By Audit Fees	2000
		By Diwali Pooja exp.	2500
		By Purchase of medicine	21,000
		By Membership Fee	600
		By Balance C/d	67,900
<b>Total</b>	<b>12,38,000</b>	<b>Total</b>	<b>12,38,000</b>

Additional Information:

1) Rs.11000 is given in appreciation of best medical treatment by patient has not been recorded in Books of Account

- 2) 50% Motor car expense is personal.
  - 3) As per IT Act, 50% of motor car Depreciation of Rs.12,000 is allowable.
  - 4) Opening stock & Closing stock of Medicine Rs.16,000 & Rs.8,000 resp.
  - 5) Depreciation on surgical equipment allowable @40%. ( The opening WDV was Rs.1,24,000)
- Compute taxable income from Profession.

**OR**

3-A) Mrs. Daya is a practicing doctor, From the following cash A/c for the year ended 31-03-16, calculate her income under head Business or Profession and prepare deduction under sec.80 (C)

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Receipt	Amt	Payment	Amt
To balance b/d	52750	Hospital rent	1,54,000
Rent of operation theatre	1,20,000	Hospital exp.	25,000
Consultation fees	2,12,000	LIC premium	3000
Gifts received from patients	20,000	Investment in PPF	30,000
Gifts from relatives on her birthday	3500	Fire insurance premium	15000
		Hospital:10000	
		Residence:5000	
Sale of medicine	1,20,000	Municipal taxes	8000
		Hospital:5000	
		Residence:3000	
Sale of surgical equipment	10,000	Drawings	30,000
Bank Interest	2200	Purchase of medicine	1,10,000
Interest on FD	1500	Purchase of office equipment	75,000
		(1-1-16)	
		Vehicle exp. (personal)	20,000
		By Balance C/d	71,950
<b>Total</b>	<b>5,41,950</b>	<b>Total</b>	<b>5,41,950</b>

Additional Information:

- 1) She has earned salary from medical college Rs.56000
  - 2) Opening WDV of surgical equipment is Rs.75,000 (rate of dep. is 25%)
  - 3) Stock of medicine as on 1-4-15 Rs.35,000 & as on 31-03-16 Rs.45,000.
- 3-B) Explain provision for unabsorbed depreciation.

4-A) Find out taxable capital gain of Mr.Sodhi from the following information for AY 2015-16  
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Asset	Date of Purchase	Purchase Price	Date of sales	Sales price	Transfer exp
Residential House	10-7-77	200000	10-6-14	34,00,000	33750
Tapu Ltd. Shares	1-8-06	103800	1-10-14	3,00,000	1800
Sonu Ltd. Shares	1-12-80	50,000	1-10-14	6,00,000	1500
Jwellery	1-10-84	2,50,000	21-9-14	45,00,000	3000
Debentures	10-7-80	2,00,000	2-2-15	2,42,000	2000
Motor car (personal use)	15-10-06	3,10,000	12-12-14	2,75,000	
New flat	30-12-14	10,00,000	-	-	-

1) He has incurred Rs.1,20,000 in 2004-05 for additional construction.

2) The FMV of assets as on 1-4-81 are as follows:

Residential House:Rs.3,50,000

Jwellery: Rs.4,00,000

Sonu Ltd. Shares: Rs.40,000

3) Shares of Tapu Ltd. is subject to STT & Sonu Ltd. is not subject to STT.

4) Relevant inflation index:

1981-82	100	1984-85	125	2004-05	480
2006-07	519	2014-15	1024		

4-B) Explain grossing up of Interest.

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**OR**

4-A) Bagha is a director at Gada Electronics, find out his taxable income from others sources from the following particulars:  
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Dividend received on equity shares of Indian co.	8500
Dividend received on equity shares of Foreign Co.	25,000
Interest on Bank FD	2200
Rent received from sub-tenant	9000
Interest on 7% capital investment bond	3200

Income from gold deposit bond, 1999	1100
Directors fee & commission	30,000
Remuneration received as a judge in beauty contest	5000
Amount received from lottery (TDS-30.9%)	34,550
Interest received on 10% tax free debenture of Bavri Ltd. (TDS-10.3%)	44,850
Interest received on 9.95% tax free debenture of Natukaka Ltd. (TDS-20.6%)	31,760
Interest received on Kisan Vikas Patra	8000
Gift received from his wife on occasion of their marriage	10,000

He has paid Rs.5000 as interest on loan for purchase of debenture and Rs.3000 as interest on loan for purchase of Indian Co. Shares. He has also incurred Rs.500 Bank commission for transferring foreign co.'s dividend to India.

4-B) Explain types of Capital gain. 05

5-A) Explain Tax deducted at Source (TDS). 10

5-B) Explain deduction U/S 80 (G). 10

**OR**

5-A) Explain Advance payment of Tax. 10

5-B) Explain deduction U/S 80 (C), 80 (CCC) & 80 (CCD). 10