

MAY 2013

**P/ID 77523/PMEG/
PMBF3**

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

All questions carry equal marks.

1. State the importance of the tax planning in business.
2. How would you distinguish 'exempted' and 'Tax Free' incomes?
3. Define "a company in which public is substantially interested" and "charitable purpose".
4. Write a brief note on 'profits in lieu of salary'.
5. Explain the procedure for computation of capital gains.
6. How tax liability of an individual is determined?
7. State the provisions regarding self assessment.
8. Under what circumstances income of a person can be assessed in the same year in which it is earned?

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

All questions carry equal marks.

9. Explain, how are the assessee classified for income-tax purpose.
10. Enumerate the incomes from House Property, which are wholly exempt from tax.
11. Describe the provisions of Income Tax Act regarding deduction for expenditure on scientific research.
12. What are the rules regarding the claim of deduction of depreciation?
13. Explain the important deductions allowed while computing income under 'profits and gains from Business or Profession'. Explain the provisions regarding carry forward and set-off of losses.
14. What are the rules regarding set off and carry forward of losses of a company?
15. Explain clearly the meaning of the term dividend as defined in the Indian Income Tax Act 1961.
16. Explain the tax on income by UTI or Mutual Fund.

2 **P/ID 77523/PMEG/
PMBF3**

PART C — (1 × 20 = 20 marks)

Compulsory.

17. The following particulars are given by M.D. Mathur, Madras, in respect of his annual income for the year ended 31st March 2010 :

- (a) Consolidated salary till 30-09-2009 at Rs. 13,500 p.m. and from 1.10.2009 Rs. 14,000 p.m.
- (b) House rent allowance at 20% of salary.
- (c) Contribution to recognized provident fund by self and employer - each 12% of salary.
- (d) Contribution to recognized Provident Fund by self and employer - each 12% of salary.
- (e) Life insurance premium paid Rs. 1,200. (sum assured Rs. 10,000).
- (f) Leave Travel Allowance received Rs. 20,000 was spent on travel to home district under LTC.
- (g) Interest and dividend incomes. Rs.

Interest on Term Deposits with Punjab Nation Bank	29,000
Income from units of Unit Trust of India	3,000
Interest on debentures of Ponds India Ltd.	21,700
Dividend from a co-op society	15,000
Interest on Govt. securities	13,000

3 **P/ID 77523/PMEG/
PMBF3**

- (h) Long term capital gains 30,000
Short term capital gains on sale
of shares (STT paid) 20,000
- (i) Medical expenses incurred in treatment of
self and family Rs. 5,000. His employer
reimbursed Rs. 2,500.
- (j) Rent received from tenant of own house
property Rs. 9,600. Municipal taxes paid
Rs. 600.

Prepare Mathur's statement of income
showing computation of taxable income
giving such explanation as necessary and tax
liability. Salary is due on last date of
the month.
