

MAY 2011

P/ID 77523/PMEG

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

All questions carry equal marks.

1. Explain income as given in IT Act.
2. What do you mean by “Assessment Year”?
3. How would you compute taxable income from self-occupied property?
4. What do you mean by Capital Assets? What are its types?
5. When tax is deductible at source on fees for professional or technical services?
6. How will you determine the residential status of an individual?
7. What do you understand by the expression ‘salary’?
8. What is agricultural income?

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

All questions carry equal marks.

9. Explain the characteristics of salary.
10. Discuss the provisions of Income Tax Act regarding computation of a partnership firms business income.
11. What are the rules to be observed while making the assessment of Hindu Undivided Family? Explain.
12. When is an individual assessable in respect of income
 - (a) of his minor child
 - (b) from assets transferred to spouse.
13. Explain the deductions that are allowed to a company out of gross total income.
14. Discuss the income tax provision related to set off loss against profits and gains of business.

15. An assessee is not only liable in respect of own income for tax purposes, but his liability may extend to some other incomes also. Comment on the statement.
16. How will you compute the deemed income under MAT scheme?

PART C — (1 × 20 = 20 marks)

(Compulsory)

Problem.

17. X & Co., a firm, is engaged in the business of civil construction (turnover of 2008–09 being Rs. 37,80,000). It wants to claim the following deduction.

	Rs.
Salary and interest to partners (as permitted by section 40(b))	60,000
Salary to employees	4,90,000
Depreciation	2,70,000
Cost of material used	2590,000
Other expenses	3,45,000
Total	<u>37,55,000</u>
Net profit (Rs. 37,80,000 minus Rs. 37,55,000)	25,000

Determine the net income of X & Co. for the assessment year 2009-10 assuming that

- (a) taxable income from other business is Rs. 1,90,000
 - (b) long-term capital gain is Rs. 40,000 and
 - (c) the firm is eligible for a deduction of Rs. 5,000 under section 80G.
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