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M. Com. (Semester - I) Examination - 2009
ADVANCED ACCOUNTING AND TAXATION
SPECIAL PAPER - II
INCOME TAX
(Group - A)
(2008 Pattern)

Time : 3 Hours]

[Max. Marks : 80

Instructions :

- (1) *All questions are compulsory.*
- (2) *Figures to the right indicate full marks.*
- (3) *Read all the questions very carefully before attempting the same.*

Q.1) Write short notes on any three of the following : [12]

- (a) Gift from a Non-relative
- (b) Clubbing of Income of Minor
- (c) Deduction of Medical Insurance Premium
- (d) Assessment Year
- (e) Payment of Fringe Benefits Tax
- (f) Head of an Income and Source of an Income

Q.2) Answer any two of the following : [12]

- (a) Briefly explain the treatment given to Agricultural Income in India while finding out the Income Tax due by an Individual. Give one example.
- (b) How will you (i) calculate and (ii) adjust pre-possession interest in respect of capital borrowed for construction of a house property ?
- (c) How the residential status of a Local Authority is determined ? Give one example.

- (d) Only state various stages from computation of source-wise income to determination of Net Tax due by an assessee or Refund due to an assessee.

Q.3) Mrs. Obama was employed with Government of Maharashtra. She submits the following particulars for the previous year 2008-2009 :

- (1) Salaries w.e.f. 01-05-08 to 28-02-09 @ Rs. 40,000 p.m. (She was on leave without pay in March, 2009.)
- (2) Arrears of Salaries received for the calendar years 2006 and 2007 from her former employer – Rs. 80,000.
- (3) Salaries for April, 2009, received in March, 2009, on the basis of her application for the same – Rs. 45,000.
- (4) Entertainment Allowance received by her from Govt. of Maharashtra – Rs. 7,500. She spent only Rs. 1,000 therefrom towards entertainment.
- (5) Professional Tax recovered from her salaries Rs. 2,500.
- (6) Before joining Govt. of Maharashtra, she was a partner in the firm M/s. Obama International. She got a salary of Rs. 50,000 from the said firm as a partner.
- (7) Family Pension Rs. 90,000.

Find out Net Income Tax Liability for A. Y. 2009-2010 assuming that Govt. of Maharashtra recovered an amount of Rs. 50,000 from her salaries during the previous year 2008-2009 towards Income Tax and she had paid an Advance Tax of Rs. 50,000. **[12]**

Q.4) (A) Mrs. American, a senior citizen, sold her ancestral land held as Capital Asset in May, 2008 for Rs. 22 crores in the previous year 2008-2009, paid Income Tax on all the income and filed her return of Income. It also included an income of Rs. 2,50,000 on a Civil Construction turnover of Rs. 30,00,000. Thereafter Assessing Officer served on her a notice for imposing a fine of Rs. 11.15 lakhs @ $\frac{1}{2}\%$ of total turnover for not conducting audit u/s 44AB of the Income Tax Act, 1961. What steps will you take in this matter ? **[08]**

(B) Mr. Nashibwan won a lottery award of Rs. 2,50,000 gross. Income Tax @ 30.9% was deducted therefrom. He made an investment of Rs. 1,00,000 as approved under section 80C of the Income Tax Act and filed his return of income of an income of Rs. 1,50,000 claiming full refund. What is the legal position in this respect ? [08]

Q.5) Mrs. Date, an American Citizen and Resident, received following amounts in India during the previous year 2008-2009 :

(1) Gift from her dear friend settled abroad Rs. 75,000 by bearer cheque.

(2) Gift from her another friend of gold ornaments of Rs. 80,000.

(3) Salaries Rs. 2,50,000 (as computed under Income Tax Act).

She suffered a loss of Rs. 2,00,000 in her business of fashion designing.

Find out her Income for the A. Y. 2009-2010. [08]

Q.6) Mrs. Sonia Bharatiya, born on 31-3-44, had a total income of Rs. 5,00,000 for the previous year 2008-2009 as computed under the provisions of Income Tax Act, 1961. She also had an income of Rs. 10,000 from agricultural land situated in Lakshadweep.

You are required to find out her Income Tax Liability for the A. Y. 2009-2010 knowing that she was Non-resident for the period under assessment. [08]

Q.7) Mr. Pawan was a transporter of goods. His position regarding goods transport vehicles held by him was under :

Date	Light Motor Vehicles in Number	Heavy Motor Vehicles in Number
01-04-08	5 - Opening Balance	5 - Opening Balance
11-05-08	Sold 2 vehicles	—
21-02-09	Purchases - NIL	2 - Vehicles bought
31-03-09	Closing Balance - 3	Closing Balance - 7

You are required to find out his income from said business of goods transport for the previous year 2008-2009 as per the provisions of Income Tax Act, 1961. [12]