

B.Com. (Semester – VI) Examination, April 2018
Accounting Major 2 : INCOME TAX, SERVICE TAX AND
GOA VALUE ADDED TAX
(Paper – II) (New Course)

Duration : 2 Hours

Max. Marks : 80

- Instructions :** i) *Question No. 1 is compulsory.*
 ii) *Answer any 3 questions from the remaining questions.*
 iii) *Show important working notes as fair work.*
 iv) *Figures to the right indicate marks allotted.*

1. A) Miss Gloria Desai, a resident in India, gives the following details of her house property :

| Particulars | House Property |
|---|-----------------------|
| Date of acquisition | 1-4-2009 |
| Cost of acquisition | Rs. 20,00,000 |
| Cost of alteration of house property in December 2014 | Rs. 4,00,000 |
| Legal expenses incurred on account of transfer | Rs. 11,417 |
| Sale consideration on 11-6-2016 | Rs. 70,00,000 |
| Brokerage and commission paid on account of purchase in 2009 | Rs. 50,000 |
| Exemption eligible U/s 54 | Rs. 10,00,000 |
| Cost inflation index : 2009 – 10 = 632, 2013 – 14 = 939, 2014 – 15 = 1,024, 2015 – 16 = 1,081, 2016 – 17 = 1,125. | |

Compute the amount of capital gains for Assessment Year 2017-18.

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- B) Mr. 'Generous', a resident individual, from Goa provides the following details for the financial year 2016 – 17 :

- Gross total income Rs. 4,50,000.
- Donations to Clean Ganga Fund Rs. 10,000 by cheque.
- Clothes and blankets worth Rs. 9,000 given to an approved charitable institution.
- Cheque payment of Rs. 12,000 donated to Swachh Bharat Kosh.
- Donation by cheque to an approved public charitable institution Rs. 46,000.

Calculate the amount of deduction U/s 80-G for the Assessment Year 2017 – 18.

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C) Mrs. Geeta received the following gifts :

| Date of receipt of gifts | Type of gifts | Fair market value (Rs.) |
|--------------------------------|---|-------------------------|
| 2 nd May 2015 | Gold chain received from her friend (not taxed earlier) | 40,000 |
| 21 st April 2016 | Jewellery received from her mother | 25,000 |
| 15 th November 2016 | Art work from her sister's friend | 5,00,000 |
| 1 st December 2016 | Painting from her friend on the occasion of her marriage (purchased from registered dealer, invoice price Rs. 80,000) | - |
| 15 th January 2017 | Gold necklace | 5,00,000 |

Compute the amount of gifts chargeable to tax for the Assessment Year 2017 - 18.

D) Mr. 'Soham Naik', a registered dealer in Goa, has a gross sales turnover of Rs. 7,89,000 for the quarter ended 31st December, 2016. The following are included in the gross sales turnover :

- Sale of tax free goods in Goa Rs. 45,000.
- Value of goods returned within 4 months from the date of sale Rs. 4,000.
- Value of goods sent for sale to local agents Rs. 27,000.
- Cash discount of Rs. 3,000.

Calculate his taxable turnover for the above quarter under the Goa VAT Act, 2005.

2. Mr. 'Aarish Gaunekar', a resident individual (68 years of age) submits the following information for Assessment Year 2017 - 18.

He owns two houses, the details of which are as follows :

| Particulars | 'Aarish Niwas' | 'Aadira Niwas' |
|----------------------|----------------|----------------|
| Municipal valuation | 1,10,000 | 1,70,000 |
| Fair rental value | 2,15,000 | 2,50,000 |
| Standard rent | 2,00,000 | Not applicable |
| Annual rent received | 2,30,000 | - |
| Vacancy allowance | 10,000 | - |
| Municipal taxes paid | 3% | 2% |



| | | |
|---|------------------|------------------------|
| Municipal taxes paid by tenant | 40% | — |
| Unrealised rent of 2016 – 17 | 5,000 | — |
| Repairs | 12,000 | 17,000 |
| Fire insurance premium of property | 1,000 | 1,500 |
| Interest on borrowed capital : | | |
| Paid in the current year | 45,000 | 55,000 |
| Total interest on pre-construction period | 24,000 | — |
| Year in which 1 st installment of pre-construction period interest was claimed | 2013 – 14 | — |
| Nature of occupation | Let-out property | Self-occupied property |
| Purpose for which capital was borrowed | Construction | Repairs |

Additional information during the financial year 2016 – 17 is as follows :

- Taxable income from salaries is Rs. 1,40,000 and from profession is Rs. 4,90,000.
- He has invested Rs. 50,000 in PPF A/c in his own name and Rs. 20,000 in his minor grand-daughter's name.
- He has paid life insurance premium (policy taken in 2014) on the life of his married daughter amounting to Rs. 5,000 (sum assured : Rs. 40,000).
- Repayment of loan taken from LIC for purchase of residential house property Rs. 30,000.
- He has incurred an expenditure of Rs. 25,000 towards medical treatment of his dependent sister who suffers from a locomotor disability of 80%.

Compute his total Taxable Income and Tax Payable for the Assessment Year 2017 – 18.

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- Ms. 'Radhika Kundaikar' a resident individual (35 years of age) from Mumbai, submits the following information for Assessment Year 2017 – 18.
 - Income from subletting the property on a monthly rent of Rs. 45,000, along with machinery installed. Depreciation of machinery for the year is Rs. 32,000.
 - Dividend received from a foreign company Rs. 25,000.
 - Income from articles published in Business India Magazine Rs. 7,000. She has spent Rs. 3,000 towards typing and other stationery expenses.
 - Interest on 10% debentures of Jai-Hind Pvt. Ltd., a domestic company Rs. 28,000. She pays Rs. 200 as commission to her Bank for collecting interest.



- v) Interest paid towards capital borrowed for investing in above debentures Rs. 6,000.
- vi) Interest from the Government on enhanced compensation for acquisition of her land Rs. 48,000.
- vii) Family pension received from Maharashtra Government (per month) Rs. 6,000.
- viii) Interest on saving bank account with different banks Rs. 17,550.
- ix) Income tax refund (including interest of Rs. 900) Rs. 19,000.
- x) Loan of Rs. 90,000 taken from a friend for marriage expenses.
- xi) She is a physically handicapped person with a disability of 50% and has spent Rs. 40,000 for her own medical treatment.
- xii) Computed income from a part-time business is Rs. 5,00,000.

Compute her total Taxable Income and Tax Payable for the Assessment Year 2017 – 18.

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4. Answer in short **any four** of the following : (4×5=20)

- a) How is annual value of a property determined U/s 23 of the Income Tax Act, 1961 ?
- b) Deduction U/s 80D of Income Tax Act, 1961.
- c) Due dates for payment of advance income tax in case of non-corporate assessees.
- d) Best judgement assessment under the Income Tax Act, 1961.
- e) Define 'Dealer' under Goa VAT Act, 2005.

5. Answer in short **any four** of the following : (4×5=20)

- a) Deduction U/s 24 in case of deemed to be let out property (DLOP).
- b) Deduction U/s 80 CCD of Income Tax Act, 1961.
- c) Payment of advance income tax in pursuance of an order of Assessing Officer.
- d) When can returns be filed beyond time U/s 139(4) of Income Tax Act, 1961 ?
- e) Explain 'Turnover' and 'Taxable Turnover' under Goa VAT Act, 2005.

6. a) Answer the following in relation to capital gains under the Income Tax Act, 1961.

- i) Procedure for computation of short term capital gains.
- ii) Definition of 'Capital Asset'.

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b) What are the provisions regarding composition of tax under Goa VAT Act, 2005 ?

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