

First year Diploma in Financial Management

14th May 2009

Paper IV - Taxation - I

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I sthalf-09-nkD 63

Con. 2101-09.

BB-8838

(3 Hours)

[Total Marks : 100

- N.B.:**(1) Question No. 1 is compulsory.
 (2) Attempt any **three** questions from remaining.
 (3) **Figures** to the **right** indicates **full** marks.
 (4) **Working notes** and **necessary** assumptions forms **part** of answer.
 (5) Apply provisions for Assessment Year 2008-2009.

1. Dr. Samarth provides following information of his Income and Expenditure for Year 25 1-4-2007 to 31-3-2008.

(A)	Income	Rs.
(a)	Consulting Fee	3,90,000
(b)	Visiting Fee	1,44,000
(c)	Sale of Medicines	57,600
(d)	Charges from Hospital	96,000
(e)	Rent Received	55,000
(f)	Investment Income	<u>39,600</u>
(B)	Expenditure	
(a)	Salary to Staff	1,95,000
(b)	Rent for Clinic	28,800
(c)	Cost of Machines	44,400
(d)	Electricity	19,200
(e)	Printing and Stationery	22,400
(f)	Medical Associates Fee	3,600
(g)	Books and Journals	6,900
(h)	Interest on Loan	21,600
(i)	Insurance Premium	13,600
(j)	Car Expenses	33,300
(k)	Telephone Expenses	<u>16,800</u>

Additional Information :

- (i) He owns a Car, with W.D.V. of Rs. 2,65,000 on 1-4-2007. Depreciation to be charged @ 15 % p.a.
 - (ii) Insurance Premium includes Rs. 10,000 for Life Insurance Premium. Out of remaining 25% is for rented property and balance is for clinic.
 - (iii) Interest on Loan includes Rs. 5,400 for loan taken for rented property.
 - (iv) Staff includes a domestic servant to whom salary is paid @ Rs. 1,000 p.m. for full year and bonus equal to one month salary.
 - (v) He has deposited Rs. 15,000 in his PDF a/c.
 - (vi) Investment Income includes Rs. 8,400 as interest on PPF and Rs. 12,600 as Dividend on Shares.
 - (vii) He paid Rs. 10,000 as advance Tax.
 - (viii) He is physically handicapped with hands amputated and is affected to extent of 75%.
- Ascertain his taxable income and tax payable.

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(b) M/s Amrut Industries a partnership firm provides following information of trans- 10
actions in assets.

Particulars	Building	Furniture	Plant	Truck	Computer
Rate of Depreciation	10%	10%	15%	30%	60%
W.D.V. — 1-4-07	3,60,000	96,000	5,75,000	2,70,000	—
Purchase 31-7-07	—	30,000	90,000	—	45,000
Purchases 15-10-07	—	24,000	60,000	—	30,000
Sales—Proceeds on 25-11-07	4,50,000	6,000	85,000	90,000	—
Sales Book Value	1,80,000	16,000	1,15,000	1,08,000	—

The profit before depreciation is Rs. 6,60,000.

Income from other sources is Rs. 57,000.

Amount paid to partners as per agreement and deductible is Interest on Capita

Rs. 33,000 and remuneration to Partners is Rs. 1,20,000.

Calculate Total Income and Tax Payable by firm.

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5. Explain the following terms : (Any five) :—

- (i) Person 5
- (ii) Capital Asset 5
- (iii) Business 5
- (iv) Annual Value 5
- (v) Transfer 5
- (vi) Previous Year 5
- (vii) Salary. 5

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6. Explain provisions for Deductions/Allowances Exemptions for following :— 25

- (i) Gratuity u/s 10(10)
- (ii) Investments /Payments—u.s 80.C
- (iii) Depreciation u.s 32.

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7. (a) What are provisions for allowance of payments to partners by a Firm ? 15
(b) Explain the provisions for presumptive taxation relating to Retail Trader. 10

8. Write short notes on (any five) :—

- (i) Clubbing of Income of Minor Child 5
- (ii) Cost Inflation Inolex 5
- (iii) Double Taxation Relief 5
- (iv) Rates of Taxation for different categories of individual 5
- (v) Deemed Owner of House Property. 5
- (vi) Preliminary Expenditure. 5