

ADIT 03

05.11.2007.

ROLL NO**TOTAL NO OF QUESTIONS 8****TOTAL NO OF PRINTED PAGES 4****DURATION(HRS) 3 Hours.****MAXIMUM MARKS : 50****Note.**

- 1) Question No 1 Compulsory**
- 2) Attempt any Four Question from The Rest**
- 3) All Questions Carry 10 Marks**

Q1

Discuss the following Concepts in one-two lines.

1. Mat
2. Dividend Distribution Tax
3. FBT
4. Unabsorbed Depreciation
5. Perquisites Under Salary
6. Belated Return
7. TDS
8. Presumptive Taxation
9. Transfer Pricing
10. DTAA

Q2

X Ltd. is engaged in the business of manufacture of garments. Profit and Loss account for the year ending March 31, 2006 is as follows –

	Rs.
Sale proceeds of goods (domestic sale)	22,23,900
Sale proceeds of goods (export sale)	5,76,100
Amount withdrawn from general reserve (reserve was created in 1996-97 by	
Debiting P&L A/c)	<u>2,00,000</u>
Total	30,00,000
Less: Expenses	
Depreciation	6,16,000
Salary & wages	2,10,000
Fringe benefit tax	10,000
Income tax	3,50,000
Outstanding customs duty (not paid as yet)	17,500
Proposed dividend	60,000
Consultation fees paid to a tax expert	21,000
Other expenses	1,39,000
Net Profit	<u>15,76,500</u>

For tax purposes the company wants to claim the following :

- Depreciation under section 80- IB (1,24,200).
- Depreciation under section 32 (Rs. 5,36,000)

The company wants to set off the following losses / allowances :

	For tax purposes Rs.	For accounting Purposes Rs.
Brought forward loss of 200-01	14,80,000	4,00,000
Unabsorbed depreciation	-	70,000

Compute the net income and tax liability of X Ltd. for the assessment year 2006-07 assuming that X Ltd. gets a long –term capital gain of Rs. 60,000 which is not credited in profit and loss account.

Q3

Compute the written down value from the following information for the assessment year 2006-2007.

Blocks of asset	Rate of depreciation (per cent)	Depreciated value on April 1, 2005 Rs.
1. Plan A, B and C	15	10,40,000
2. Plant D and E	40	2,60,000
3. Plant F	50	70,000
4. Building A, B,C and D	10	10,90,600
5. Building E, F and G	5	7,10,200
6. Building H,I,J and K	100	16,90,000

After April 1, 2005, the company purchases the following assets-

Assets	Date of purchase	Rate of depreciation (Per cent)	Actual cost Rs.
Plant G	April 6, 2005	50	6,000
Plant H	May 11, 2005	15	18,000
Furniture	June 6,2005	10	56,000
Car	July 7, 2005	15	2,56,000
Building L	September 26,2005	5	7,28,700
Computer	September 27,2005	60	90,000
Copyright	September 30,2005	25	17,50,000

The following assets are transferred –

Assets	Date of Sale	Sale consideration Rs.
Plant B	December 20, 2005	25,10,900
Plant D	January 31, 2006	12000
Building L	March 6,2006	6,00,000

Q4

X, an individual, submits the following information relevant for the assessment year 2006-07 :

	Profit Rs.	Loss Rs.
Salary income computed	42,000	-
Income from house property :		
House A	15,000	
House B		17,000
House C		21,000
Profit and gains of business or profession :		
Business A	8,000	
Business B		18,000
Business C (speculative)	11,000	
Business D (speculative)		23,000
Capital gains :		
Short – term capital gains	6,000	
Short – term capital loss		28,000
Long – term capital gains on sale of building	12,500	
Income from other sources :		
Income from card games	8,000	
Loss from card games		7,010
Loss on maintenance of race horses		6,000
Interest on securities	4,000	-

Determine the net income of X for the assessment year 2006-07.

Q5

Discuss Tax Planning in case of structuring Salary Packages of employee With respect to

- 1.ESOP
- 2.Medical Treatment Facilities
3. Residential House as Perquisite V/S HRA
- 4.VRS & Tax Planning

Q6

Discuss the Difference of Long & Short Term Capital Gains

Or

X purchases a house property for Rs. 26,000 on May 10, 1962. He gets the first floor of the house constructed in 1967 -68 by spending Rs. 40,000. He dies on September 12, 1978. The property is transferred to Mrs. X by his will. Mrs. X spends Rs. 30,000 and Rs. 26,700 during 1979-80 and 1985-86 respectively for renewals / reconstruction of the property. Mrs. X sells the house property for Rs. 11,50,000 on March 15, 2006 (brokerage paid by Mrs.X is Rs.11,500). The fair market value of the house on April 1, 1981 is Rs,1,60,000.

Q7

The following are the particulars submitted by different taxpayers for the assessment year 2006-07 :

	Mrs. X (an individual) (30 years) Rs.	Y (a Hindu undivided family) Rs.	Z (a firm) Rs.
	(1)	(2)	(3)
Salaries	1,10,000	-	-
Income from house property	62,000	1,97,000	6,000
Profits and gains of business or profession	10,00,000	(-)3,000	98,840
Capital gains (short – term)	6,000	-	18,380
Income from other sources	<u>3,000</u>	<u>38,000</u>	<u>13,000</u>
Gross total income	11,81,000	2,32,000	1,36,220
Less ; Deductions under sections 80C to 80U			
Under section 80C	50,000	1,000	-
Under section 80D	10,000	4,500	-
Under section 80G	-	3,000	2,000
Net income	<u>11,21,000</u>	<u>2,23,500</u>	<u>1,34,220</u>

Q8

Describe in Brief

1.10A

2.10B

3.80IA

4.80IB

5.80JJA