

Date: 26/08/2017

Q-1 Answer the following. (Any Eight)

[16]

1. Define long term capital gain.
2. Exemption 54EC avails for which investment and within which duration?
3. Define Business.
4. What is the difference between Profession & Vocation?
5. Exemption U/S 54 B avails for which investments and for how much duration?
6. Define Block of Assets.
7. What do you mean by clubbing of Income?
8. Under clubbing which sections applied for minor child?
9. Define substantial interest.

Q-2 Answer the following. (Any Two)

[20]

1. Mr. Uber furnish the following details in respect of Jewellery sold during the previous year 2016-2017 @ Rs.60,00,000/-
 - a) Jewellery was purchased in 1967-68 for Rs.80,000/-
 - b) The improvement on jewellery was made in 1978-79 for Rs. 1,00,000/-
 - c) F.M.V. of the building on 1st April,1981 was Rs. 1,70,000/-
 - d) He purchased a new residential house immediately after the sale of above building for Rs.20,00,000/-

Index: 1981-82=100

1988-89= 161

2016-17= 1125

2. X sells the following long term capital asset on 11th Jan, 2017:

Particulars	RHP	Gold	Silver	Diamonds
Sales consideration	4,90,000	9,10,000	3,96,000	7,40,000
Index cost of acquisition	70,000	1,15,000	1,78,000	4,30,000
Expenses on transfer	10,000	81,000	6,000	32,000

The due date of filling return of income for the Assessment year 2017-2018 is 31st July, 2017.

For claiming exemption U/S 54 & 54EC, X purchases the following assets:--

Assets	Dt. of acquisition	Amount
Land for constructing a residential house	2 nd April, 2016	1,00,000
Bond of RECL	5 th July, 2016	7,50,000
Bond of NHAI	10 th July, 2016	3,05,000

Find out the taxable capital gain.

3. From the Profit and Loss Account of X (age: 31 years, resident) for the year ending March 31, 2017, ascertain his taxable from business & profession assessment year 2017-18 :

Particulars	Amt.	Particulars	Amt.
General expenses	13,400	Gross Profits	4,15,500
Bad debts	22,000	Commission	8,600
Advance tax	2,000	Brokerage	37,000
Insurance	600	Sundry receipts	2,500
Salary to staff	26,000	Bad debts recovered (earlier allowed as deduction)	11,000
Salary to X	51,000	Interest on debentures	25,000
Interest on overdraft	4,000	Interest on deposit	13,000
Interest on loan to Mrs. X	42,000		
Interest on capital of X	23,000		

Depreciation	48,000		
Advertisement expenditure	7,000		
Contribution to employees RPF	13,000		
Net Profit	2,60,000		
	<u>5,12,000</u>		<u>5,12,000</u>

Additional Information:

1. The amount of depreciation allowable is Rs. 37,700 as per the Income-tax Rules. It includes depreciation on permanent sign board.
2. Advertisement expenditure includes Rs. 3,000/- being cost of permanent sign board fixed on office premises.
3. Income of Rs. 4,500, accrued during the previous year, is not recorded in the Profit and Loss Account.
4. X pays Rs. 6,000 as premium on own life insurance policy of Rs. 70,000.
5. General expenses include (a) Rs. 500 given to Mrs. X for arranging a party in honour of a friend who has recently come from Canada (b) Rs. 1,000 being contribution to a political party.
6. Loan was taken from Mrs. X for payment of arrears of income-tax.

Q-3 Answer the following in detail. (Any Two)

[14]

1. Write a note on Exemption U/S 54 F.

2. X Ltd. owns the following assets on April 1, 2015 :

Assets	Actual Cost Rs.	Written down value on April 1, 2015	Rate of depreciation (per cent)
Building			
A	30,00,000	13,50,000	10
B	6,00,000	2,25,000	10
C	8,00,000	40,000	5
Plant			
A	1,70,000	45,100	15
B	3,10,000	68,000	15
C	30,000	7,000	40
D	50,000	31,000	40

The company acquires the following assets after April 1, 2015 :

Assets	Cost Rs.	Date of acquisition	Date when the asset is put to use	Rate of depreciation (per cent)
Building D	6,00,000	28 th May, 16	June 1, 2015	10
Building E	4,00,000	8 th June, 16	June 8, 2015	5
Plant E	4,90,000	12 th Aug, 16	July 1, 2015	15
Plant F	2,10,000	18 th Sept, 16	September 19, 2015	15
Plant G	1,50,000	19 th Sept, 16	October 30, 2015	40
Building F	2,00,000	10 th May, 16	May 10, 2015	10
Plant H	1,30,500	5 th June, 16	July 6, 2015	15

The company sells the following assets after April 1, 2015 :

Assets	Date of sale	Sale consideration Rs.
Building A	May 11, 2016	13,00,000
Plant B	May 16, 2016	20,000
Plant D	December 18, 2016	2,15,000
Plant C	December 8, 2016	32,000

Determine the amount of depreciation for the assessment year 2017-18 on the assumption that additional depreciation is not available.

3. Explain clubbing of Income and its 4 sections.