

(xiii)	Interest on savings account with SBI	12,000	8,000
	Gross Total Income	1,22,500	1,21,500
	Less: Deduction u/chapter VI A		
	Sec. 80C		30,000
	Sec. 80TTD	10,000	8,000
	Total Income	1,12,500	83,500

Chapter - 3 : Incomes which do not form Part of Total Income**2014 - Nov [3] (a) (ii)**

	(₹)
Voluntary Contribution without any specific direction	19,20,000
Income from property held in trust	<u>8,16,000</u>
	27,36,000
Less: 15% Corpus	<u>4,10,400</u>
	23,25,600
Less: Applied for charity	8,50,000
Less: Donation to Public Charitable Trust	<u>84,560</u>
	13,91,040
Less: Amount accumulated u/s 11(5)	<u>13,91,040</u>
Taxable Income	<u>Nil</u>

Chapter - 4 : Income from Salaries**2014 - Nov [4] (a)****Income under head Salary:**

Basic Salary (80,000 × 9)	7,20,000
Bonus	36,000
HRA (WN.1)	1,17,000
Employers contribution to RPF (WN.2)	23,600
Gratuity (WN3)	10,51,640
Accumulated Balance of RPF (Exempt)	-
Uncommuted Pension (8,000×1+2,000×2)	12,000
Commuted Pension (WN. 4)	<u>2,50,000</u>
Gross Salary	22,10,240
(-) Deduction u/s 16 (Professional Tax)	<u>2,000</u>
Net Salary	<u>22,08,240</u>

Working Notes 1 : HRA**Least of the following is exempt:**

(i) HRA actually received	= 1,35,000
(ii) Rent paid - 10% of salary	
90,000 - 7,20,000×10%	= 18,000
(iii) 50% of salary	
50% × 7,20,000	= 3,60,000
Exempt	= 18,000
Taxable = 1,35,000 - 18,000	= 1,17,000

Working Notes 2: Employers contribution to RPF
 Exempt = 12% × Salary = 12% × 7,20,000 = 86,400
 Taxable = 1,10,000 - 86,400 = 23,600

Working Notes 3 : Gratuity

Least of the following is exempt:

(i) Last drawn Salary × 15/26 × No. of years 80,000 × 15/26 × 36	15,69,231
(ii) Max. Ceiling	10,00,000
(iii) Amount actually received	20,51,640
Gratuity Exempt	10,00,000
Taxable Gratuity = 20,51,640 - 10,00,000	10,51,640

Working Notes 4: Commuted Pension

Pension	4,50,000
- Exempt 1/3 × 4,50,000/75%	<u>2,00,000</u>
Taxable	<u>2,50,000</u>

Chapter - 6 : Profits & Gains of Business

2014 - Nov [3] (a) (i)

Amount of Deduction:

1. Provision made	100
2. 7.5% of GTI	60.0
(+) 10.5% of Advances	<u>31.5</u> 91.5

Lower of above ₹ 91.5 lakh is allowed as deduction.

2014 - Nov [5] (a) (i), (ii)

(i)

Block	Asset	WDV	Depreciation	Mr. Gopi	Gopi Pipes (P) Ltd.
I	Plant & Machinery	12,00,000	1,80,000	$\frac{122}{365} \times 1,80,000$ = 60,164	$\frac{243}{365} \times 1,80,000$ = 1,19,836
II	Building	25,00,000	2,50,000	$\frac{122}{365} \times 2,50,000$ = 83,562	$\frac{243}{365} \times 2,50,000$ = 1,66,438
I	New Plant & Machinery	10,00,000	75,000	-	75,000
Total				1,43,726	3,61,274

Working Note: No. of Days asset used by Mr. Gopi = 122 days
 used by Gopi Pipes (P) Ltd. = 365-122 = 243 days

(ii) **Specified Business u/s 35AD:**

- Setting up & operating cold chain facility.
- Setting up & operating warehousing facility.
- New Hospital with atleast 100 beds.
- Production of fertilizer in India.

Incentives available is 100% (at times 150%) deduction of capital expenditure other than land, goodwill & financial instrument.

Chapter - 9 : Income of other Persons included in Assessee's Total income**2014 - Nov [6] (a)(ii)**

Income to be clubbed		(₹)
First Daughter	5,000 - 1,500	3,500
Second Daughter	8,500 - 1,500	7,000
Third Daughter		Nil
Son	40,000 - 1,500	<u>38,500</u>
		<u>49,000</u>

Chapter - 11 : Deductions from Gross Total Income**2014 - Nov [6] (a) (i)**

1. Deduction allowed u/s 80C = ₹ 30,000 + ₹ 70,000 = ₹ 1,00,000

2. Deduction u/s 80CCD = 10% × 3 lac = ₹ 30,000

Max. deduction u/c VI - A

80CCE = 1,00,000 + 30,000 = ₹ 1,30,000

Chapter - 12 : Computation of Total Income, tax Payable, Rebate and Relief**2014 - [1] {C} (a)**

Income from House Property		(₹)	(₹)
GAV		1,65,000	
Less: Municipal Taxes		<u>18,000</u>	
		1,47,000	
Less: Standard Deduction		<u>44,100</u>	1,02,900
Profit & Gains from Business or Profession			
Net Profit as per P/L A/c			1,32,200
Add: Five Insurance relating to HP used for Residential purpose		5,000	
Income Tax & Wealth Tax		27,000	
Household Expenses		42,500	
Municipal Taxes of HP for Residential Purpose		<u>18,000</u>	92,500
Less: Contribution to approved University Weighted Deduction of 175%		75,000	
Cash Gift on Marriage		1,20,000	
Interest on Debenture		<u>3,600</u>	1,98,600
			<u>26,100</u>
Capital Gains			
Sale Consideration		2,20,000	
Less: COA		<u>Nil</u>	2,20,000
Income from Other Sources			
Interest on Debenture (Gross)		4,000	
Interest on PO SB A/c		Exempt	
Site for inadequate consideration		<u>1,75,000</u>	1,79,000
		GTI	5,28,000
Less: Deduction u/c VI - A			
Sec. 80C 3,00,000 × 15%			<u>45,000</u>
Total Income			<u>4,83,000</u>

Computation of Tax

Tax on LTC a 2,20,000 @ 20%	44,000
Tax on 13,000 @ 10%	1,300
	<u>45,300</u>
Less: Rebate u/s 87A	2,000
	<u>43,300</u>
Add: EC @ 2%	866
Add: SHEC @ 1%	433
Tax Payable	44,599
Less: TDS	400
Net Tax Payable	<u>44,599</u>

Chapter - 13 : Advance Tax & TDS**2014 - Nov [7] (a) (i)**

1. TDS shall be deducted u/s 194E @ 20%. TDS shall be 20% of ₹ 27,000 = ₹ 5,400 + cess @ 3% = ₹ 5,562.
2. There shall be no TDS u/s 194-I because rent for the whole year does not exceed ₹ 1,80,000.
3. TDS shall be deducted u/s 194BB @ 30%. TDS shall be 30% of ₹ 1,50,000 = ₹ 45,000.
4. No TDS deductible u/s 194LA be State of Uttar Pradesh because amount paid does not exceed ₹ 2,00,000.

Chapter - 14 : Assessment Procedure**2014 - Nov [7] (a) (ii), (iii)**

- (ii) "Filing of Return of Income on or before due date is necessary for carry forward of losses". This statement is partially correct in terms of Section 139(3) which states that to carry forward the losses under section 72, 73, 74 & 74A, assessee shall file Return of Income on or before due date specified u/s 139(1).

Section 139(3) covers up only for specified sections related to carry forward of losses. There are some other sections viz., which talks about carry forward of losses but are not covered up by Section 139(3), viz., Section 71B, 73A & 32(2), which means that losses under these sections can be carried forward even if Return of Income is not filed on or before due date. Restriction is in respect of losses under following sections only:

Section	Nature
72	Carry forward and set off of business losses
73	Losses in speculation business
74	Losses under the head "Capital gains"
74A	Losses from certain specified sources falling under the head "income from other sources" (i.e. loss in the activity of owning & maintaining race horses)

It means that following losses can be carried forward even if ROI is not filed on time:

Section Nature

Section	Nature
71B	Carry forward and set off of loss from house property
73A	Carry forward and set off of losses by specified business referred u/s 35AD
32(2)	Unabsorbed depreciation

(iii) Yes, a political party is required to file Return of Income.

Section 139(4B) provides the provisions for filing of Return of Income by a political party.

If total income of political party (without claiming any exemption u/s 13A) is greater than maximum amount which is not chargeable to tax i.e. ₹ 2,00,000, then filing of Return of Income by Chief Executive Officer of such Political Party is mandatory and that too on or before due date of furnishing of Return of Income, which shall always be 30th September (being audit compulsory).

Chapter - 15 : Value Added Tax (VAT)

2014 - Nov [4] (c)

Output VAT 40 lakh × 10%	4,00,000
Less: Input VAT 26 lakh × 4/10%	1,00,000
Less: Opening Input VAT Credit	<u>20,000</u>
VAT Payable	<u>2,80,000</u>

Chapter - 16 : Service Tax

2014 - Nov [1] {C} (b)

As per Composition Scheme Service Tax

	(₹)
Domestic Booking 45,00,000 × .6%	27,000
International Booking 90,00,000 × 1.2%	<u>1,08,000</u>
	1,35,000
Add: Cess @ 3%	<u>4,050</u>
Service Tax	<u>1,39,050</u>

As per Normal Provision

Service Tax Payable	
12,00,000 × 12.36%	1,48,320
If composition scheme is opted service tax liability would reduce by	
(1,48,320 - 1,39,050)	9,270

2014 - Nov [2] (b)

	(₹)
Value of Service Provided	18,00,000
Less: Services relating to betting	1,00,000
Less: Services rendered in State of Jammu & Kashmir	<u>1,50,000</u>
	<u>15,50,000</u>
Services Tax Payable	
15,50,000 × 12.36%	1,91,580

2014 - Nov [4] (b)

Since, invoice not issued within 30 days of Completion of service.

∴ Point of taxation is:

Date of completion of service

Or

Date of invoice

whichever is earlier

Amount	Point of Taxation
1,00,000	05-04-2014
1,50,000	10-04-2014

No, it will not effect if the service becomes taxable for the first time on 1-6-2014.

2014 - Nov [5] (b) (i), (ii)

(i) Consideration received for not doing an activity is declared service. An employee getting consideration for not joining competitor is taxable service.

- (ii) 1. Liable for Service Tax
2. Not liable for Service Tax

2014 - Nov [6] (b)

Gupta Associates, firm of lawyers is liable to pay service tax.

But in case legal advice is given by Mr. Dev, a lawyer; then, service recipient i.e. Mr. Das and Surya Ltd. is liable to pay service tax.

2014 - Nov [7] (b)

$$\text{PQR Ltd: Interest Payable} = 1,23,600 \times 15\% \times \frac{20}{365} = 1,016$$

$$\text{Mr. Manik: Interest Payable} = 2,16,000 \times 18\% \times \frac{25}{365} = 2,663$$

Chapter - 17 : Excise Duty**2014 - Nov [3] (b), (c)****(b) Cenvat Credit Available**

Electric Transformer	(₹) 40,000
Car for Employees coming to site	<u>1,50,000</u>
	<u>1,90,000</u>

(c) Assessable Value

Total Invoice Price	(₹) 55,000
Less: State VAT	5,500
Less: Insurance charges	275
Less: Outward Freight	<u>2,100</u>
	47,125

$$\text{Less: Excise Duty } 47,125 \times \frac{6.18}{106.18} \quad \underline{2,743}$$

Assessable Value	<u>44,382</u>
Excise Duty Payable	<u>2,743</u>

2014 - Nov [6] (c)

Excise duty is not leviable as there was no levy on the date of manufacture.

2014 - Nov [7] (c)

In case of samples, as per rule 4 of Valuation Rules, sale value nearest to the point of removal shall be taken.

$$\text{VAT Included} = 202 \times \frac{1}{101} = 2$$

$$\text{Sale Price before VAT} = 202 - 2 = 200$$

$$\text{Excise Duty included} = 200 \times \frac{12.36}{112.36} = 22$$

$$\text{Value to be adopted for free samples} = (200 - 22) \times 2,000 = ₹ 3,56,000$$

Chapter - 18 : Customs Duty**2014 - Nov [1] {C} (c)**

	(₹)
A.V	4,00,000
Add: BCD @ 10% on 4,00,000	40,000
Balance	4,40,000
Add: CVD @ 16% on 4,40,000	70,400
Balance	5,10,400
Add: 2% EC (1,10,400 × 2%)	2,208
Add: 1% SHEC (1,10,400 × 1%)	1,104
Balance	5,13,712
Add: SPL CVD 4% on 5,13,712	20,548
Value of Imported Goods	5,34,260
Custom Duty Payable	1,34,260

Chapter - 19 : Central Sales Tax (CST)**2014 - Nov [2] (c)**

Total Sales	45,00,000
Less: Freight shown separately in invoice	1,50,000
Less: Sale return within 6 months	45,000
Less: Rejected Goods	30,000
Taxable Turnover	42,75,000
CST Payable @ 2%	85,500

2014 - Nov [5] (c)

- (i) True — No CST on freight separately charged.
- (ii) False — Subsidy by Government not liable for CST.
- (iii) False — Charity or dharmada will form part of sale price.
- (iv) True — Free of cost material supplied by customer is added to sale price.

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