

Roll No.

Subject Code—726-X

P. G. Diploma EXAMINATION

(Re-appear)

TAXATION

PGDT-102

Income Tax Law and Practice

Time : 3 Hours

Maximum Marks : 100

Note : Attempt *Five* questions in all. All questions carry equal marks.

1. Explain the residential status and tax incident of an individual in detail.
2. What do you mean by Gross Annual Value and how is it computed ? Also explain the deductions under the head income from house property.

3. Mention the expenses and losses which are expressly allowed while computing income from business or profession.

4. What do you mean by Gross Total Income ? Explain the deductions from Gross Total Income u/s 80C, 80D and 80G.

5. What do you mean by Clubbing of Incomes ? Explain the circumstances under which incomes of other persons is included in assessee's total income.

6. X, Y and Z are three partners (3 : 2 : 3) in a firm engaged in manufacturing leather goods. The Profit and Loss of the firm for the year ending March 31, 2007 is as follows :

	Rs.		Rs.
Cost of goods sold	7,50,000	Sales	16,70,000
Salary to staff	3,00,000	Long-term	
Fringe benefit Tax	24,000	Capital gains	4,00,000

Depreciation	1,80,000	Short-term	
Remuneration to Partners :		Capital gains	90,000
X	1,02,000	Debenture	
Y	60,000	Interest	40,000
Z	72,000	Other Business	
Interest on Capital to Partners :		Receipts	4,000
X	30,000	Interest on drawings	
Y	2,20,000	recovered	
Z	70,000	from X	16,000
Other Expenses	1,80,000		
Net Profit :			
X	87,000		
Y	58,000		
Z	87,000		
	<u>22,20,000</u>		<u>22,20,000</u>

Other Informations :

- (i) The firm has given donation of Rs. 60,000 to a notified public charitable trust which is not debited to the P and L A/c

- (ii) There is no provision in the partnership deed to pay remuneration to partners as well as Interest on capital.
- (iii) Depreciation as per section 32 comes to Rs. 96,000.
- (iv) Other expenses to the tune of Rs. 82,000 is not deductible u/s 30 to 43D.
- (v) For the assessment years 2005-06 and 2006-07, the firm has assessed business loss of Rs. 40,000 and long term capital loss of Rs. 1,00,000 (which has not been set off so far).

You are required to compute tax liability of the firm.

7. (a) What do you mean by Appeals and Revisions ? Explain the procedure of appeal to the commissioner.
- (b) What do you understand by Advance Payment of Tax ? How is its computation made ?

8. Write short notes on any *three* of the following :

- (a) Income Tax Planning
- (b) Set off and carry forward of losses
- (c) Double Taxation
- (d) Procedure for assessment
- (e) Deduction of tax at source.