

Instructions to Candidates :-

- 1) Question 1 is compulsory
- 2) Attempt any four of the following

Q.1) Write Short Notes : (Any two)

- a) Capital expenditure Vs Revenue expenditure
- b) Five heads of [income](#)

- c) Person
- d) Tax Evasion Vs [Tax](#)
Avoidance

Q2) What is relation between residential status and incidence of tax?

Q3) a) Explain deduction under section 24?

b) X owns a property at Pune (Municipal value :- 1,64,000, Fair rent Rs. 2,16,000 standard rent rs. 1,80,000) The house is let out upto January 31,2007(Monthly rent is being 14,000) From February 1,2007. The property is self occupied for own residential purposes. Expenses incurred b X are : Municipal Tax Rs. 6000, repairs Rs.2100 insurance Rs. 1100 interest on borrowed capital Rs.1,20,000. Find out income of X from house property for the assessment year 2007-08.

Q4) Mr. Rahul is working in Abc Ltd. Calculate his income from salaries for the Assessment year 2007-2008 from the following details

Basic salary Rs. 80,000 p.a.
Dearness allowance Rs.2000 per month
House allowance Rs.2500 per month
Actual rent paid Rs. 2000 per month
Children education allowance for two children Rs. 120 per month
Hostel education allowance for two children Rs. 120 per month
The employer contribution Rs. 9000 to recognized provident fund.

Q5) a) Explain Amalgamation Vs De-merger.

b) What are the expenses that are deductible under section 37(1) of [income tax act](#) 1961

Q6) X sells his house, the sale proceeds are Rs. 5,80,000 in 2006-2007. the house acquired in 1985-86 for rs 18000 . The cost of improvement is Rs. 70,000 in the year 1991-92. Calculate Capital gains.

Cost inflation index was 2006-2007 : 519

1991-92 : 199

1985-86 : 133

Q7) Discuss the [tax implication](#) in the following situations

- a) Personal expenses of Rs. 6,000 were debited to the profit and loss A/c.
- b) Rent paid for the premises rs. 10,200 was by mistake written on the credit side of the profit and loss a/c
- c) Loss of rs. 70,000 on account of embezzlement by an employee.
- d) Furniture costing rs. 15000 was purchased and debited to profit and loss a/c. The profit was the calculated as rs. 1,00,000. The furniture was put use for more than 200 days.
- e) Office expenses of Rs 3500 and audit fee of rs 4000 was debited to the profit and loss a/c and the net profit rs 4,50,000.

Q8)

a) Explain the following special provisions for computing income of an assessee engaged in the business of civil construction.

b) Explain the special provisions for computing the income of an assessee engaged in the business of retail trading