QUESTIONS

1951-E1

X (27 years) is a salaried employee of a public sector company in Delhi. He gets the following emoluments from his employer during the previous year 2019-20 ~~2012-13~~:

Basic pay Rs 196000, dearness pay Rs 64800, bonus and commission Rs 22200, house rent allowance Rs 13600, and employer's contribution to provident fund Rs 23920. Besides, the employer provides a free motor car (1098 cc) for official and personal use of X and provides holiday home facility at Shimla. The employer incurred an expenditure of Rs 15000 on providing the holiday home facility. During 2019-20 ~~2012-13~~, the employer has sold a fridge to X for Rs 1500 (cost of the fridge to the employer when purchased in 1998 Rs 20000).

X owns a small house in Delhi since 1990 which is used by him for his own residence. Municipal valuation of the house property is Rs 120000 whereas its standard rent is Rs 16,000. During the previous year, he pays repairs expenditure of Rs 1,600 and interest (capital borrowed for acquiring house) of Rs 75800.

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Besides, he has received Rs 22,500 (gross) as interest from a bank and Rs 39970 as dividend from a foreign company. He has withdrawn Rs 114200 from the National Savings Scheme, 1987, which include interest of Rs 18,000. He has received a gift of Rs 200,000 from a friend on August 3, 2019 ~~2012~~ and Rs 60,000 from Mrs. X on March 1, 2020 ~~2013~~.

Determine the net income and tax liability of X for the assessment year 2020-21 ~~2013-14~~ on the assumption that he contributes Rs 40,000 towards R.P.F. and deposits Rs 6,000 in the National Savings Certificates.

(Rs 5,74,270
& Rs 28,450 ~~10,220~~)

—— x ——

222-E)

X (28 years), Y (26 years) and Z (32 years) are three partners (1:2:3) of X Co., a LLP (firm) engaged in manufacturing leather goods. The profit and loss account of the firm for the year ending 31st March ~~2007~~, is as follows;

	Rs		Rs
Cost of goods sold..	12,43,000	Sales	38,41,000
Salary to staff ...	12,05,000	LTCG (according to section 48)	1,10,000
~~Fringe benefit tax~~ Income tax ..	1,10,000	Other business receipts ...	1,10,000
Depreciation	2,70,500	Net loss ...	1,09,500
Remuneration to partners :			
X	2,04,000		
Y	1,20,000		
Z	1,44,000		
Interest on capital to partners @ 20% p.a.			
X	80,000		
Y	1,40,000		
Z	8,000		
Other expenses	5,40,000		
	~~12,47,500~~		~~12,49,500~~
	41,70,500		41,70,500

Other information –

1. The firm is not eligible for deduction u/s 80-IA / 80-IB.
2. The firm has given donation of Rs 40,000 to a notified public charitable trust which was not debited to the P&L A/c.
3. Salary and interest are paid to partners as per the partnership deed.

P.T.O.

4. Depreciation allowable u/s 32 is Rs 1,70,400

5. Income and investment of X, Y and Z are as follows:

	X Rs	Y Rs	Z Rs
Interest on company deposit	4,20,000	4,05,000	4,46,000
Dividend from foreign companies	1,06,000	1,13,000	1,05,000
Contribution towards the Master Equity Plan ~~2017~~ 2015 of UTI	1,10,000	1,04,000	1,07,000

Find out the net income and tax liability of the firm and partners for the assessment year ~~2007-08~~ 2015-16 on the assumption that —

~~(a)~~ Conditions of sections 184 and 40(b) are satisfied; and

~~(b) conditions of sections 184 and/or section 40 (b) are not satisfied.~~

———— X ————

Ans.:

	Situation (a)	Situation (b)
Firm:	Rs 158340 Rs 37,960 ~~Rs 114820; Rs 37530~~	~~582600 188690 Rs 334520; Rs 1114~~
X:	Rs 598950 Rs 33,580 ~~Rs 112010; Rs 17750~~	~~426000 16,090 Rs 116000; Rs 1632~~
Y:	Rs 575,260 Rs 28,650 ~~Rs 197300; Rs 14749~~	~~41000 15,240 Rs 114000; Rs 1428~~
Z:	Rs 545,510 Rs 22,470 ~~Rs 195960; Rs 14476~~	~~457000 18,640 Rs 144000; Rs 4488~~

FIRM
30% Rs 1,14,820 = 22,000

30% Rs 48,340 = 14,502
36,502
1,460
37,960

Add EC @ 3%

12500	12500	12500
+ 19790	+ 15052	+ 9102
32290	27552	21602
+ 4% 1291	1102	864
33580	28650	22470