

**EXAMINATION OF ARTICLED CLERKS**

**PAPER IV**

**TAXATION**

**Monday, 6<sup>th</sup> November, 2017**

**Time: 3 Hours (1:00 PM to 4:00 PM)**

**(Total Marks: 100)**

- Note:**
- 1. Figures to the right indicate full marks.**
  - 2. Answer should be legible and to the point.**
  - 3. Answer to every question should be on a fresh sheet of paper.**
  - 4. Reference to "the Act" means the Income Tax Act 1961.**
  - 5. Please support your answers with the relevant provisions of the Act and case law.**

- |  | <b>Marks</b> |
|--|--------------|
| <p><b>1.</b> Enumerate the differences between any two of the following:</p> <p style="margin-left: 40px;">(a) Tax Deducted at Source &amp; Withholding of Tax.</p> <p style="margin-left: 40px;">(b) Set Off &amp; Carry Forward and Set Off.</p> <p style="margin-left: 40px;">(c) Short Term &amp; Long Term Capital assets.</p>  | <b>14</b>    |
| <p><b>2.</b> Write a brief note on any two of the following. Give Examples.</p> <p style="margin-left: 40px;">(a) Capital Receipts vs Revenue Receipts</p> <p style="margin-left: 40px;">(b) Capital Expenses vs Revenue Expenses</p> <p style="margin-left: 40px;">(c) Revenue Losses vs Capital Losses</p>   | <b>20</b>    |
| <p><b>3.</b> Write short notes on any three of the following:</p> <p style="margin-left: 40px;">(a) Jurisdiction and powers of the Income-Tax Settlement Commission.</p> <p style="margin-left: 40px;">(b) Advanced Rulings.</p> <p style="margin-left: 40px;">(c) Appealable orders before Commissioner (Appeals).</p> <p style="margin-left: 40px;">(d) Appeals to the Appellate Tribunal.</p> | <b>15</b>    |
| <p><b>4.</b> Would the conversion of marble blocks into marble slabs by cutting marble blocks into slabs and tiles and polishing the slabs and tiles</p>   | <b>5</b>     |

amount to “manufacture or production of article or thing” for claiming benefit of section 80-IA of the Act.

5. M/s. ABC & Co., an Indian Law firm is desirous of purchasing a license for the Legally Law software created by Van Winkle GmbH a German Company. They shall be purchasing licenses for 10 users at an annual license fee of Euro 20,000/-. Van Winkle GmbH shall also provide training to 5 Users in Germany for a period of One Week at an additional cost of Euro 2,000/-. M/s. ABC & Co. will have to bear the travel and accommodation expenses of the 5 users. Please advise M/s. ABC & Co. in respect of the remittance of the license and training fee to Van Winkle GmbH and other tax implications. 5
6. The members of Beautiful Valley Co-operative Housing Society, Lonavla, are all based in Mumbai. For the sake of convenience and ease of operation, they plan on opening an account with HDFC Bank, in Mumbai. They plan on transferring all deposits to HDFC Bank as well as their day to day banking requirements. Please advise the Society on the Tax implications. 5
7. Write short notes on any four of the following: 20
- (a) Section 50C of the Act.
  - (b) Section 92 of the Act.
  - (c) Section 260A of the Act.
  - (d) Section 263 of the Act.
  - (e) Section 281 of the Act.
8. Write four bullet points on any 6 of the following: 16
- (a) Agricultural Income.
  - (b) Bad Debts.
  - (c) Taxability of House Rent Allowance.
  - (d) Representative Assessee.
  - (e) Dividend Distribution Tax.
  - (f) Discretionary Trusts.
  - (g) Heads of Income.
  - (h) Search & Seizure.
  - (i) Fringe Benefits.