

IT IS ADVISED TO COMPLETE WITHIN THE TIME ALLOWED i.e. 30 Minutes

Division A – Multiple Choice Questions

Write the most appropriate answer to each of the following multiple choice questions

Question No. 1 (2 Marks)

PQR Ltd., a domestic company, has distributed on 15/10/2019, dividend of Rs.230 lakh to its shareholders. On 17/9/2019, PQR Ltd. has received dividend of Rs.60 lakh from its domestic subsidiary company XYZ Ltd., on which XYZ Ltd. has paid dividend distribution tax under section 115-O. The additional income-tax payable by PQR Ltd. under section 115-O is –

- (a) Rs.29.70 lakhs
- (b) Rs.34.944 lakhs
- (c) Rs.34.608 lakhs
- (d) Rs.29.42 lakhs

Question No. 2 (2 Marks)

Lima Ltd., a domestic company, purchases its own unlisted shares on 13th August, 2019. The consideration for buyback amounted to Rs.23 lakh, which was paid on the same day. The amount received by the company two years back for issue of such shares was Rs.17 lakh. The additional income-tax payable by Lima Ltd. is –

- (a) Rs. 1,03,824
- (b) Rs. 1,04,832
- (c) Rs. 1,39,776
- (d) Rs. 1,38,432

Question No. 3 (2 Marks)

Delta Ltd., a domestic company, declared dividend of Rs.85 lakh for the year F.Y.2018-19 and distributed the same on 27.6.2019. Mr. Ganesh, holding 15% shares in Delta Ltd., receives dividend of Rs.12.75 lakh in June, 2019. Mr. Rajesh, holding 10% shares in Delta Ltd., receives dividend of Rs.8.50 lakh. Which of the following statements is correct?

- (a) Dividend distribution tax u/s 115-O is attracted in the hands of Delta Ltd. There would be no tax on dividend received by Mr. Ganesh and Mr. Rajesh in their individual hands.
- (b) Dividend distribution tax u/s 115-O is attracted in the hands of Delta Ltd. However, dividend received by Mr. Ganesh and Mr. Rajesh is also taxable in their individual hands
- (c) Dividend distribution tax is payable by Delta Ltd. u/s 115-O. Also, dividend received by Mr. Ganesh is taxable in his hands@10%.
- (d) Dividend distribution tax is payable by Delta Ltd. u/s 115-O. Also, Mr. Ganesh has to pay tax@10% on dividend of Rs.2.75 lakhs received by him.

Division B – Descriptive Questions

Question 1 (8 Marks)

From the following profit & loss account of Ronie for the year ended 31-3-2020, compute her gross total income for the assessment year 2020-21:

Particulars	Amount	Particulars	Amount
Opening stock	4,00,000	Sales	2,40,00,000
Purchases	2,30,00,000	Closing stock	4,80,000
Salaries	8,00,000	House property Income (Computed)	89,000
Rent, rates & taxes	1,20,000		
Legal charges	20,000		
Miscellaneous expenses	20,000		

TEST 4 (DT) Regular Batch (May 20 Exam) By CA Vijay Gaurav (30 Minutes for 20 Marks)

Provision for bad debts	30,000		
Provision for gratuity	40,000		
Provision for income tax	40,000		
Salary to Mrs. Ronie	36,000		
Depreciation	40,000		
Net profit	23,000		
	2,45,69,000		2,45,69,000

Additional information

- Purchases also include Rs.1,00,000 paid by way of compensation to a supplier as the assessee was unable to take the delivery of goods due to lack of storage space.
- Opening stock was overvalued by 25% and closing stock was undervalued by 25%.
- Salary includes Rs. 15,000 paid as customary bonus on the occasion of Diwali over and above the bonus payable under the Payment of Bonus Act.
- Rent, rates & taxes include Rs. 10,000 on account of disputed sales tax demand. Rs. 3,000 on account of municipal taxes for property let out. It also includes Rs. 5,000 as customs penalty paid during the year.
- An amount of Rs. 20,000 from a customer was written off from the provision for bad debts
- An employee retired on 28-3-2020. Gratuity payable to him was Rs. 40,000. A provision was created for the same this year and it was paid in cash on 02-04-2020
- Mrs. Ronie is a law graduate and actively working in her Proprietorship firm.

Question 2 (6 Marks)

Dona purchases 600 equity shares in XY (P) Ltd. on 1-04-2019 @ Rs. 150 each. On 31-12-2019, XY (P) Ltd. is demerged. In the scheme of demerger, division Y was transferred to Y (P) Ltd. (resulting company). On that date balance sheet of XY (P) Ltd. is as follow –

Liabilities	Division		Total	Asset	Division		Total
	X	Y			X	Y	
6,000 Equity Shares			6,00,000	Land	-	2,50,000	2,50,000
General Reserve			4,00,000	Plant	1,75,000	1,00,000	2,75,000
Loan (General)			2,00,000	Investment	2,50,000	-	2,50,000
Loan (Specific)	60,000	75,000	1,35,000	Stock	1,95,000	2,30,000	4,25,000
Creditors	25,000	40,000	65,000	Debtors	55,000	45,000	1,00,000
				Cash and Bank	25,000	75,000	1,00,000
			14,00,000				14,00,000

Y (P) Ltd., in consideration of the demerger, issued equity share of Rs. 100 each (at par) to the shareholders of XY (P) Ltd. on proportionate basis. You are required to compute –

- Number of shares of Y (P) Ltd. received by Dona and cost thereof.
- Cost of acquisition of shares held by Dona in XY (P) Ltd. after demerger.
- Capital gain, if Dona sold 200 shares of XY (P) Ltd. @ Rs. 125 & 100 shares of Y(P) Ltd. @ Rs. 110 on 31-03-2020.