

**N.B:**

- 1) All questions are **COMPULSORY**.
- 2) Figures to the right indicate **FULL** marks.

**Q.1** Define the following terms as per Income Tax Act. **(10)**

- a) Capital Income
- b) PAN
- c) VAT
- d) Person

**OR**

a) Capital and Revenue Receipts **(05)**

b) Capital and Revenue Expenditure **(05)**

**Q.2** Mr. Pradeep is a General Manager of a Textile Company of Pune. He has submitted the following particulars of his income for the financial year 2017-18. **(10)**

- 1) Basic Pay Rs. 50,000/- p.m.
- 2) Dearness allowance @ 40% of basic salary (However, D.A. to the extent of 10% of salary is applicable for retirement benefits)
- 3) Company pays him at 3% commission on total sales Rs. 10,00,000/-
- 4) Entertainment allowance Rs. 1,000/- p.m.
- 5) Travelling allowance for his official tours Rs. 50,000/- (Actual expenditure on tours amounted to Rs. 40,000/-)
- 6) He contributes to RPF @ 15% of his salary and his employer contributes equal amount.
- 7) The assessee's two children are studying in the school run by the employer. The cost of education is Rs. 1,500/- p.m. per student. The cost of education in similar institution per student is Rs. 1,000/- p.m.
- 8) He provided a furnished house at Pune for which he pays rent Rs. 5,000/- p.m. The cost of furniture provided to him is Rs. 1,50,000/-
- 9) Electricity bill paid by employer Rs. 3,000/- p.m.
- 10) He received Rs. 18,000/- by way of reimbursement of the hospital bill by the employer.
- 11) He paid professional tax Rs. 2,500/- p.a.
- 12) The company has provided him a 1,800 cc car for official as well as private purpose, running and maintenance expenses are born by the employer. Compute his taxable income from salary for the A.Y. 2018-19.

**Q.3** Explain the concept of an error and explain the different types of errors. **(10)**

**OR**

a) What are the Advantages of audit? **(05)**

b) How working papers are used? **(05)**

**Q.4** Write short notes on **ANY TWO** of the following: **(10)**

- a) Internal audit
- b) Clerical errors
- c) Features of audit programme