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Reg. No.....

Name.....

M.Com. DEGREE (C.S.S.) EXAMINATION, AUGUST 2022

Fourth Semester

Faculty of Commerce

Core—CM 010 402—INCOME TAX—ASSESSMENT AND PROCEDURE

(M.Com. Finance and Taxation, M.Com. Finance and Taxation (SF), M.Com. Marketing and International Business (SF), M.Com Management and Information Technology (SF)

(2019 Admission onwards—Regular/Supplementary)

Time : Three Hours

Maximum Weight : 30

Section A

*Answer any **eight** questions.
Answer shall not exceed **one page**.
Weight 1.*

1. What is Protective Assessment ?
2. Explain PAN.
3. Distinguish between Tax Planning and Tax Management.
4. Write FIVE deductions.
5. Write note on the different types of Trusts.
6. Write a short note on Tax Deduction Account number.
7. Mr. Zavier is an employee of Eldho Ltd. He is drawing an annual salary of Rs. 5,75,000. He paid Rs. 55,000 towards principal amount of his housing loan and Rs. 25,000 towards tuition fees of his children during the year. Find his total income and tax liability for the A.Y. 22-23.
8. The net profit of XYZ & Co., a partnership firm for the previous year 21-22 is Rs. 5,00,000. This figure is arrived at after debiting interest on capital Rs. 55,000 (@15%) and remuneration to working partners Rs. 3,50,000. Find the allowable remuneration to working partners under Section 40(b) of the Income Tax Act.

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9. Strong Ltd. has taken a machinery on rent. The rent is payable in advance on the first day of each month @ Rs. 12,000 per month. Explain in brief whether the rent for the financial year 2021-22 is subject to tax deduction at source or not under Section 194-I of the Income-tax Act, 1961.
10. A co-operative society has the following incomes during the previous year. Income from Medical Store—Rs. 1,50,000, Income from let out commercial property—Rs. 2,50,000, Interest on Fixed Deposits—Rs. 55,000 (TDS not deducted), Dividend on shares from another Co-operative society—Rs. 20,000. Find out the total income of the society.

(8 × 1 = 8)

Section B

Answer any six questions.

Answer shall not exceed two pages.

Weight 2.

11. Every person is required to deduct tax at source on payments made to contractors. Comment.
12. Who is liable to pay advance tax ? State the due dates for payment of advance tax by an individual.
13. Discuss the liability to deduct tax at sources on the following payments :
 - (i) Sikkim Government pays a sum of Rs. 50,000 as commission to its agent on sale of lottery tickets.
 - (ii) A turf club gives a prize of Rs. 2,00,000 to the owner of a winning horse.
 - (iii) Bank of India is the tenant of a building owned by the Central Government. It pays a sum of Rs. 75,000 per month by way of rent.
 - (iv) Evershine Ltd. pays a sum of Rs. 2,500 per month as retainer fee to its counsel.
 - (v) Dividend of Rs. 25,000 is paid on preference shares on 15th November, 2022 by an Indian Company.
14. Find out the amount of advance tax payable by ABC Ltd. (turnover for the previous year 2019-20 was Rs. 150 crore and 20-21 was Rs. 165 Crore) on specified dates for the F.Y. 2022-23 :

Business income—Rs. 1,75,000

Long term capital gain on 31-7-2019—Rs. 2,50,000

Bank interest—Rs. 10,000

TDS on business income—Rs. 20,100





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15. Compute total income of Sri. Bhandari from following information :

Taxable salary (Net)–Rs. 75,000

Income from other sources–Rs. 20,000

Agricultural income–Rs. 4,500

He deposited in LIC annuity plan–Rs. 18,000

He paid medical insurance premium by cheque for his dependent blind mother (certified as severe disabled person), aged 68 years, Rs. 20,000.

16. A Public Charitable trust registered u/s 12AA , for the previous year ending 31.03.2022 derived gross total income of Rs.19 lakhs which consists of the following :

(a) Income from properties held by trust (net)–Rs. 8 Lakhs

(b) Income(net) from business (incidental to main objects)–Rs. 3.5 Lakhs

(c) Voluntary contributions from public–Rs. 6 Lakhs

The trust applied a sum of Rs. 10.60 Lakhs for Charitable purpose during the year which includes repayment of loan taken for construction of Orphanage Rs. 3.60 Lakhs.

Determine the taxable income of trust for the assessment year.

17. The assessing officer has the power to make an assessment to the best of his judgement, in certain situations. What are they ?

18. Mention the due dates for filing return of income by various categories of person. Also explain the provisions on levy of interest for default in furnishing the return.

(6 × 2 = 12)

Section C

Answer any two questions.

Answer shall not exceed five pages.

Weight 5.

19. JK Associates is an Association of Persons (AOPs) consisting of two members, J, aged 40 years and K, aged 37 years. Shares of the members are: 60 % (J) and 40% (K). Income of the AOPs for the previous year 2019-20 is Rs.7 lakhs.

Turn over





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Compute tax liability of the AOP and the members in the following situations :—

- (i) J and K have their income, other than income from AOPs, amounting to Rs. 1 lakh and Rs. 5.7 lakhs, respectively.
 - (ii) J and K's income, other than income from AOPs, amount to Rs. 1.50 lakh and Rs. 2.30 lakhs, respectively.
20. The profit as per the statement of profit and loss of XYZ Ltd., an Indian company, for the year ended 31.3.2020 is Rs.190 lakhs arrived at after making the following adjustments :

Depreciation on assets—Rs. 100 Lakhs

Reserve for currency exchange fluctuation—Rs. 50 Lakhs

Provision for tax—Rs. 40 Lakhs

Proposed dividend—Rs. 120 Lakhs

Following further information are also provided by company :

- (a) Provision for tax includes Rs. 2 lakhs of interest payable on income-tax.
- (b) Depreciation includes Rs. 40 lakhs towards revaluation of assets.
- (c) Amount of Rs. 50 lakhs credited to statement of P and L was drawn from revaluation reserve.
- (d) Balance of statement of profit and loss shown in balance sheet at the asset side as at 31.3.2019 was Rs. 30 lakhs which includes unabsorbed depreciation of Rs. 10 lakhs.

Compute the book profit under Section 115 JB for the year ended 31.3.2020.

21. M, N and O are partners in a partnership firm sharing profits and losses in the ratio of 1 : 2 : 1. For the previous year, the following incomes were earned by the firm.

Profits from business after deducting remuneration and interest to partners—Rs. 30,000 Interest earned on Securities—Rs. 12,000 Remuneration to Partners—Rs.2,20,000 Interest on Capital to Mr.N @ 15%—25,000 Unabsorbed depreciation—Rs. 24,000 Brought Forward Business loss—Rs. 12,000 Long Term Capital gain—Rs. 1,15,000 Capital Gain invested in specified assets—Rs. 50,000. Compute total income of Firm as well as the tax payable by it.

22. Explain the different types of assessment in detail.

(2 × 5 = 10)

