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Reg. No.....

Name.....

M.Com. DEGREE (C.S.S.) EXAMINATION, MAY 2017

Fourth Semester

Faculty of Commerce

Elective Finance

DT 04C 17 – DIRECT TAXES-ASSESSMENT AND PROCEDURES

(2012 Admissions—Regular)

[Common For all Electives]

Time : Three Hours

Maximum Weight : 30

Section A

Answer any five questions.

Weight 1 each.

1. What is 'book profit' is the assessment of a firm ? How is it calculated.
2. What are the consequences of Best Judgement Assessment ?
3. Explain the determination of Tax rates applicable to AOP, where the shares of partners are determinate and indeterminate.
4. Distinguish between TDS and TCS.
5. Define an Indian Company.
6. What is 'PAYE' scheme ?
7. The total income of a company computed as per provisions of Income tax act for the previous year is Rs. 3,49,800. The book profit for the same year is Rs. 17,16,500. Calculate the tax payable by the company.
8. What are the qualifications of a judicial member of the Appellate Tribunal ?

(5 × 1 = 5)

Section B

Answer any five questions.

Weight 2 each.

9. Briefly explain the transactions where PAN has to be quoted.
10. A, B, and C are equal partners of AOP. During the FY, the income of AOP is Rs. 2,60,000 and the income of A, B and C is Rs. 15,000, Rs. 30,000 and Rs. 45,000 respectively. Compute the liability of AOP and A, B and C for the AY 2015–16. Would it make any difference if the total income of AOP is Rs. 45,000.

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11. What are the advantages of tax planning ? How does it differ from Tax Evasion ?
12. State the provisions relating to appeal to the Supreme court.
13. Syam, Sunder and Sangeeth are partners of a firm with equal shares. The profit and loss account of the year ended 31.03.2015 shows a net profit of Rs. 99,750 after debiting the following as per deed :
- (1) Salaries of Rs. 20,000 and Rs. 15,000 to Syam and Sunder respectively
 - (2) Bonus to Sangeeth Rs. 15,000.
 - (3) Rs. 5,000 for interest on capital to 'Syam' calculated @ 20%.
 - (4) Rs. 10,000 for rent of the business premises paid to 'Sunder'.
 - (5) Commission of Rs. 5,000 to Sangeeth. Compute Book Profit and the total income of the firm for the A.Y. 2015-16 assuming that it is a professional firm and all are working partners.
14. When does the claim for refund arise and what is the procedure relating to application for refund ?
15. Mrs. Joy has the following assets and liabilities on the valuation date 31.03.2015 :

		Rs. in lakhs
(1)	Cash in hand	: 11.0
(2)	Jewellery	: 24.0
(3)	Residential house	: 60.0
(4)	Car for personal use	: 16.0
(5)	A farm house-15kms away from local limit of Delhi	: 30.0
(6)	Aircraft for personal use	: 180.0
(7)	Loan taken to purchase the aircraft	: 80.0
(8)	Urban land construction not permitted compute the net wealth of Mrs. Joy	: 5.00

16. What is meant by the term 'assets' under the wealth-tax act ?

(5 × 2 = 10)





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Section C*Answer any three questions.**Weight 5 each.*

17. Explain the provisions of the wealth tax act which allows clubbing of net wealth belonging to others in the wealth of the assessee.
18. Sabari company limited is a widely-held domestic company. The following are the particulars of its income in respect of the previous year 2014-15:

	Rs.
(a) Income from business	1,10,00,000
(b) Interest on Government securities	20,000
(c) Short-term capital gains	30,000
(d) Long-term capital gains	66,000
(e) Dividend from a domestic company (gross)	20,000
(f) Dividend from a foreign company	20,000
(g) Book profit u/s 115 JB	80,00,000

During the previous year the company donated Rs. 50,000 to National defense fund by cheque. Compute company's total income and tax payable for the assessment year 2015-16.

19. Explain the various circumstances leading to penalty for an assessee?
20. The profit and Loss Account of M/s XY. Gless works for the year ending on 31st March, 2015 is:

	Rs.		Rs.
Stock	1,30,000	Sales	4,50,000
Purchases	1,50,000	Stock	25,000
Penalties and fines	59,000	Rent from	12,000
Office Expenses	6,000	House Property	
Selling Expenses	8,000		
Interest to partners	6,000		
Net profit	1,28,000		
	<u>4,87,000</u>		<u>4,87,000</u>

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- (i) Interest of Rs. 6,000 @ 8 % has been paid to 'X' on capital.
- (ii) Penalties and fines have been levied because of illegal sale and purchase of glass.
- (iii) Remuneration payable to partners : X Rs. 2,00,000 and Y Rs. 1,00,000 has not been debited to Profit and Loss Account.
- (iv) Shri X and Y are equal partners in the firm compute the tax payable by the firm and the total income of the partners.

21. PQ and Co is an AOP carrying on business. Its members are P.Ltd, a foreign company and Mr. Q. Their profit sharing ratio is 3 : 2. The P and L A/c of the AOP for the previous year is as follows :

To Interest on capital		By Gross Profit	: 1,50,000
to partners			
P.Ltd	:	20,000	
Q	:	10,000	
Salary to Q	:	60,000	
Expenses	:	30,000	
Net profit	:	30,000	
		<u>1,50,000</u>	<u>1,50,000</u>

Other information :

- (i) Out of expenses charged to P and L A/c, Rs. 15,000 is not deductible u/s 36.
- (ii) Other incomes of partners are P. Ltd (foreign company) Rs. 50,000
Q. Rs. 40,000 Compute the net income of AOP.

22. Explain in detail the various types of assessment.

(3 × 5 = 15)

