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Reg. No.....

Name.....

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

Fourth Semester

Faculty of Commerce

CM 010 402—INCOME TAX—ASSESSMENT AND PROCEDURE

(2019 Admissions)

[Private—Regular]

Time : Three Hours

Maximum Weight : 30

Section A

*Answer any **eight** questions.*

*Answer shall not exceed **one page**.*

Each question carries 1 weight.

1. What is Scrutiny Assessment ?
2. Explain defective return.
3. Distinguish between tax Planning and tax management.
4. Write Five instances where quoting of PAN is compulsory.
5. Write note on the different types of Trusts.
6. Write a short note on Tax Deduction Account number.
7. Mr. Xavier 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 AY 20-21.
8. The netprofit of XYZ & co., a partnership firm for the previous year 19-20 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.
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 2019-20 is subject to tax deduction at source or not under Section 194-I of the income-tax Act, 1961.

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10. A co-operative society has the following incomes during the previous year 19-20. 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.
Each question carries 2 weight.*

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, 2019 by an Indian Company.
14. Find out the amount of advance tax payable by ABC Ltd. (turnover for the previous year 2017-18 was Rs. 150 crore and 18-19 was Rs. 165 Crore) on specified dates for the F.Y. 2019-20 :
- 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.
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 disable person), aged 68 years, Rs. 20,000.





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16. A Public Charitable trust registered u/s 12AA, for the previous year ending 31.03.2020 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 20-21.

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.*

Each question carries 5 weight.

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.

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.

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- (c) Amount of Rs. 50 lakhs credited to statement of P & 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 115JB 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. 30000

Interest earned on Securities - Rs. 12,000

Remuneration to Partners - Rs. 2,20,000

Interest on Capital to Mr.N @ 15% - Rs. 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)

