

E 1304

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Reg. No.....

Name.....

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2018

Sixth Semester

INCOME TAX ASSESSMENT AND PLANNING

(For the optional stream Finance and Taxation Model II B.Com and U.G.C. Sponsored
B.Com. Taxation)

[2014 Admission onwards]

Time : Three Hours

Maximum Marks : 80

Section A

*Answer all questions.
Each question carries 1 mark*

1. State tax incidence of a member of AOP.
2. What is LLP ?
3. What is tax avoidance ?
4. What is AMT ?
5. Define Indian Company.
6. When does a company become a non- resident ?
7. Explain tonnage tax.
8. What is PAN ?
9. Explain TDS.
10. Explain book profit of a partnership firm ?

(10 × 1 = 10)

Section B

*Answer any eight questions.
Each question carries 2 marks.*

11. Explain the assessment procedure on succession of a firm.
12. Distinguish between AOP and BOI.
13. A co-operative society engaged in the business of banking received income by way of rent of Rs. 40,000 by a portion of its building let out. Discuss the taxability.
14. State the difference between tax evasion and tax avoidance.

Turn over

15. State few advantages of tax planning.
16. Explain corporate dividend tax.
17. State few deductions available to firms under Chapter VI A.
18. When can a firm assessed under section 184 ?
19. Explain provisions of 80G.
20. Compute tax payable of an AOP whose total Income is Rs. 13,00,000 for the AY 2016-17.
21. Mention the tax rates applicable for co-operative societies.
22. Explain marginal relief provided to companies.

(8 × 2 = 16)

Part C

*Answer any six questions.
Each question carries 4 marks.*

23. How to compute total income of a firm ?
24. Discuss the provisions of MAT under section 115JB.
25. What all items of incomes of a co-operative society are deducted from gross total income under section 80P ?
26. Enumerate the companies which are treated as a company in which public are substantially interested.
27. Discuss the main features of assessment of a Joint Stock Company.
28. Compute total income and tax liability of a Co-operative society for the AY 2016-17 from the following details
 - Income from letting of warehouse for storing commodities Rs. 33,000.
 - Income from investment in other co-operative society Rs. 24,000.
 - Interest from Government securities Rs. 18,600.
 - Long term capital gain Rs. 98,000.
 - Rent from house property (computed) Rs. 32,000.
29. J, K and L are members of an AOP sharing profits and losses in the ratio 4 : 3 : 2 for the AY 2016-17. Income of AOP is Rs. 2,00,000 after adjusting Salary to: J- Rs. 10,000 ; K- Rs. 8,000 ; L- Rs. 18,000, Interest on capital to: J- Rs. 16,000 ; K- Rs. 14,000; L- Rs. 10,000, Commission to K- Rs. 20,000 and Bonus to L- Rs. 18,000. Compute the total income and tax liability of AOP

30. What are the restrictions imposed under section 40 (b) of the Income Tax Act on remuneration and interest payable to partners of a firm ?
31. Explain tax planning relating to income from other sources.

(6 × 4 = 24)

Part D (Essay)

*Answer any two questions.
Each question carries 15 marks*

32. Explain the scope of tax planning for assesses carrying on business or profession.
33. Compute the total income and tax liability of AOP and apportionment of business income of AOP to members M, N and O who are sharing profits and losses in the ratio 3 : 2 : 1 for the AY 2016-17. The incomes of M, N and O are Rs. 12,000 ; Rs. 23,000 and Rs. 58,000 respectively. Income of AOP after the adjustments is Rs. 2,68,000. The adjustments were :
- Salary to : M- Rs. 11,000; N- Rs. 22,000 ; O- Rs. 12,000
- Interest on capital to: M- Rs. 9,000 ; N- Rs. 6,000 ; O- Rs. 11,000
- Commission to O- Rs. 13,000
- Bonus to N- Rs. 13,000.
34. Compute total income and tax payable by the cooperative Society for the AY 2016-17 from the following details :
- (a) Income from credit facilities provided to its members Rs. 78,000.
 - (b) Interest from Government securities Rs. 29,000.
 - (c) Interest from co-operative bank Rs. 37,000.
 - (d) Income from house property (gross) Rs. 61,000.
 - (e) Income from collective disposal of its labour Rs. 38,000.
 - (f) Income from other business Rs. 1,59,000.
 - (g) Income from agricultural Rs. 34,000.
 - (h) Dividend from a foreign company Rs. 32,000.
 - (i) Dividend from a co-operative society Rs. 21,000.
 - (j) Income from sale of agricultural implements to members Rs. 18,000.
 - (k) Donation to Chief Minister's Relief fund Rs. 19,000.

Turn over

35. Compute tax liability of the firm and total income of the partners from business. P, Q and R are partners sharing profits and losses in the ratio 3 : 2 : 1. The profit for the year ending 2016 after the following adjustments is Rs. 7,25,000.

- o Interest on capital at 24 %: P- Rs. 20,000 ; Q- Rs. 14,000 ; R- Rs. 26,000.
- o Salary to P- Rs. 88,000.
- o Donations to approved University Rs. 30,000.

Items not included in the Profit and Loss Account are :

- o Long Term Capital Gain Rs. 65,000.
- o Interest on securities Rs. 58,000.
- o Income from house property (Gross)-Rs. 35,000.

(2 × 15= 30)