



**DEPARTMENT OF COMMERCE**  
**QUESTION BANK FOR B COM**  
**Income Tax - Assessment & Planning**

**MODULE 1 (CO1) - Illustrate the taxable income and tax liability of firms, AOP and BOI (Apply)**

**SECTION A**

1. Define partnership.
2. Interpret book profit.
3. Relate assessment of firms under section 184.
4. Relate assessment of firms under section 185.
5. Briefly explain the tax computation when the share of members of an AOP is indeterminate?
6. What are the rules relating to remuneration to working partners u/s 40(b)?
7. Differentiate between AOP and BOI.
8. Relate the rules for assessment of AOP.
9. Outline the tax rates applicable for Partnership firm?
10. What is meant by succession of a firm?

**SECTION B**

11. Explain the provisions relating to assessment of a firm u/s 184.
12. Describe the provisions of tax payable by an AOP when share of members are known.
13. Explain the computation of book profit of a firm.
14. A, B and C are members of an AOP sharing profits and losses in the ratio of 1:2:3. During the financial year 2019-20 the income of A, B and C are Rs. 2, 00,000, Rs. 4,00,000 and Rs. 2,60,000 respectively. Compute the tax liability of AOP.
15. Describe change in the constitution of a firm, for tax purposes?
16. Explain the rules relating to amount of remuneration can be claimed by a working partner while computing the total income of the firm?
17. Explain the taxability of share of profit from AOP.



18. Outline computation of the total income of a firm.

### SECTION C

19. PQR is a partnership firm with three partners as follows.

- P - Resident individual
- Q - Representative of a HUF
- R - Wife of P

The firm is eligible to be assessed as such, since it fulfills the conditions of section 184. During the year 2019-20, the P&L a/c of the firm showed a net profit of ₹1,25,000 after debiting the following items.

Depreciation ₹80,000 but the firm is eligible for depreciation of ₹70,000 only.  
Salary ₹75,000 to P and ₹1,50,000 to R, who are working partners.  
Interest on capital(at the rate of 20%)

- P - ₹20,000
- Q - ₹40,000
- R - ₹30,000

Short term capital loss ₹25,000  
Tax consultancy charges ₹8,000 and audit fee ₹2,000  
Provision for bad debt ₹10,000

Items credited to the P&L a/c include long term capital gains ₹40,000 and rent from a building let out, ₹60,000.

Compute total income and tax payable by the firm for the year 2019-2020.

20. The following details are available in respect of a non-corporate assessee for the AY 2019-20.

- A. Net Profits as per Profits and Loss account Rs. 95,00,000
- B. Depreciation charged but not allowable Rs. 1,50,000
- C. Other expenses not allowable Rs. 50,000.

The assessee is eligible for a deduction of Rs.90,00,000 u/s 10 AA in respect of profits from export business in Special Economic Zones, and for the deduction of Rs.4,00,000 u/s 80 IB. During the year 2018-19 the assessee has long term capital gain Rs.1,00,000 and has donated Rs. 20,000 to an approved charitable institution. You are required to compute tax payable if the assessee is:

- a. Firm /LLP

- b. HUF  
c. AOP/ BOI
21. A firm with Ram, Shayam and Sam as partners sharing profits and losses in the ratio of 3:2:1. The profit for the year ending 2018-19 after the following adjustments is Rs.8,12,000;
- a. Salary to Ram Rs.18,000, Shyam Rs. 36,000 and Sam Rs. 44,000.  
b. Interest on Capital @ 18% X: Rs, 18,000 Y Rs. 27,000 and Rs. 36,000.  
c. Donations to Approved charitable institutions Rs. 40,000  
d. Excess Depreciation charged Rs.12,000.
- Other items not credited in the P/L account are;
- e. Long term capital gain Rs. 80,000'  
f. Interest on securities Rs. 40,000  
g. Income from House property (Gross) Rs. 60,000.
- Compute the total income of the firm and total income from business of the partners.

The following details are available in respect of a non-corporate assessee for the AY 2019-20.

22. Ajith Vijay and Surya are members of an AOP sharing profits and losses in the ratio of 4:4:2. During the financial year 2018-19 the income of AOP after following adjustments is Rs. 2,50,000. Compute the total income and tax liability of AOP and members. The income of AJith Vijay and Surya are Rs. 10,000, Rs. 20,000 and RS. 60,000 respectively.
- a. Salary to Ajith Rs. 9,000, Vijay Rs. 21,000 and Surya Rs. 10,000.  
b. Interest on capital to Ajith Rs. 7,000, Vijay Rs.4,000 and Surya Rs. 9,000.  
c. Commission to Surya Rs. 11,000.  
d. Bonus to Vijay Rs. 9,000.

**MODULE 2 (CO2) Find the tax liability of co-operative society.(Evaluate)**

**SECTION A**

1. Define Co-operative society.
2. Outline the tax rate applicable for a co-operative society?
3. Appraise the deductions under chapter VI A available to co-operative society?
4. Explain the conditions to be satisfied by a cooperative society engaged in cottage industry to claim complete tax exemption under section 80 P.



**SECTION B**

5. Briefly explain the deductions under section 80 P available to co-operative society.
6. Explain the deductions available to a co- operative society under Chapter VI A.
7. Briefly explain the computation of total income of co-operative society.
8. Interpret the deductions in respect of income of co-operative societies where 100% deduction is allowed.
9. Explain the conditions to be satisfied by primary co-operative societies to claim 100% deduction on profits.
10. Appraise the situations where deductions are available to co-operative societies to a limited extent.
11. A Co-operative society has the following incomes during the year 2019-20.  
Income from house property – Rs 10,000  
Income from book shop – Rs 16,000  
Interest on securities – Rs 16,000  
Dividend on shares of another co-operative society – Rs 26,000  
Compute the total income of the society for the AY 2020-2021.
12. RBS college co-operative society Ltd., Agra had the following income during the year ended 31st March 2019.
  - a. Income from college Canteen Rs. 10,000
  - b. Income from the general merchandise business Rs. 43,000
  - c. Income from credit facilities given to members Rs. 8,000
  - d. Interest on Govt. securities. Rs. 10,000
  - e. Taxable income from House property. Rs. 6,000
  - f. Dividends (gross) on shares held in another co-operative society, Rs. 5,000Determine the total income and tax liability for the assessment year 2019-20

**SECTION C**



13. The Bhavans Co-operative society, Kottayam gives you the following details of its income;

- a. Interest of a company Rs. 80,000.
- b. Long term capital gain. Rs. 20,000
- c. Short term capital gain Rs. 10,000
- d. Interest from co-operative bank Rs 60,000
- e. Income from collective disposal of its labour Rs. 10,000.
- f. Agricultural income Rs. 10,000
- g. Rent received (Computed) Rs. 30,000
- h. Dividend from Co-operative society Rs. 3,000
- i. Donation to Prime Minister's National relief fund Rs.20,000

Compute the total income and tax payable by the co-operative society for the AY 2019-20

14. From the following information related to Cochin co-operative society for the year 2018-2019, you are required to compute total income and tax payable for the year. The society is primarily engaged in manufacturing of fruit products. (a cottage industry)

	(₹)
1)Income from manufacturing and marketing of fruit products	80,000
2)Interest on deposits with central co-operative society	16,000
3)Income from other business	78,000
4)Income from collective disposal of the labour of its members	16,000
5)Interest from Government securities	8,000
6)Long term capital gain	25,000
7)Income from house property(computed)	10,000

On examination of the books of accounts, it has been revealed that the society has given a donation of ₹10,000 to the Prime Minister's Drought Relief Fund.

15. Nirmal Cooperative society Ltd. had the following income during the PY 2018-19.
- a. Income from running a hospital canteen Rs. 42,000
  - b. Income from retail business Rs. 2,08,000
  - c. Income from credit facilities given to members Rs. 20,000
  - d. Interest on Govt. securities Rs.50,000



- e. Rent received from a let out building Rs. 1,20,000
  - f. Dividends( gross) on shares held in another co-operative society Rs. 13,000
- Compute total income and tax liability of the society for the AY 2019-20.
16. Explain in detail the deductions available to cooperative societies under Chapter VI A.

**MODULE 3 (CO3) Scrutinise the tax liability of HUF. (Apply)**

**SECTION A**

- 1. Interpret meaning of Hindu undivided Family for tax purposes
- 2. Describe Hindu Coparcenary.
- 3. What is converted property?
- 4. How is residential status of HUF is determined?
- 5. What is impartible Estate?
- 6. Who is a Karta?
- 7. Which are the different schools of Hindu Law?
- 8. Outline the rates of tax applicable to HUF?
- 9. What is ancestral property.
- 10. What is meant by partition of HUF?

**SECTION B**

- 11. Outline the differences between a HUF and a firm?
- 12. Explain the rules relevant for the assessment of HUF?
- 13. Relate the incomes not treated as family income of HUF during its assessment?
- 14. Which are the schools of HUF according to Hindu law?
- 15. Explain ancestral property.
- 16. Briefly explain the deductions available to HUF under Chapter VI A.
- 17. Differentiate between HUF and partnership.
- 18. Explain the incomes not treated as family income of HUF.



**SECTION C**

19. Shri Vijay kumar is a Karta of HUF. He furnished the following information about family income for the year ending 31<sup>st</sup> march 2019.

- a. salary received from a member who is serving at some place Rs. 3,20,000.      b.
- Business income Rs. 6,16,000.
- c. Director's fee received by Karta from personal efforts. Rs.10,000
- d. Gross Annual value of let out property Rs. 16,000
- e. Municipal Tax on property land Rs. 1,600
- f. LTCG Rs. 25,000
- g. Dividend from an Indian company (gross) Rs. 11,500
- h. Profit share from AOP Rs. 60,000
- i. Donation to recognized charitable medical institute by cheque RS. 68,000

Compute total income and tax liability of HUF for AY 2019-20.

20. From the following information compute taxable income and tax liability of HUF for AY 2018-19.

Rent received from house property - Rs. 6,000 pm

Municipal Valuation – Rs. 50,000 local Tax (10%)

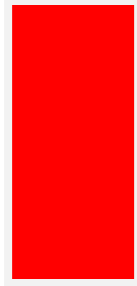
Income from business-                      Rs. 2,90,000

Short term capital Gain -                      Rs. 15,000

Long term capital Gain – Rs. 30,000

Dividend from UTI -                      Rs. 10,000

Income from Lottery (Gross) – Rs. 50,000



21. The following are the particulars regarding the income of a HUF for the PY 2018-19.
- a. LTCG Rs. 20,000
  - b. Lottery Income (gross) Rs. 15,000
  - c. Interest on Govt. securities Rs. 15,000
  - d. Loss in speculation business Rs. 15,000
  - e. Agricultural income, Rs. 40,000
  - f. Business Profits Rs, 8,00,000
  - g. LIC premium paid on the life of family members of the family Rs.30000

Compute total income and tax liability of HUF for the AY 2019-20.

22. The following details of income of HUF for the FY 2018-19 have been supplied by Mr. Rohit who is a Karta of a HUF.
- a. Profit from family business Rs. 3,40,000
  - b. Salary received by a member of family looking after the family business Rs. 1,30,000.
  - c. Remuneration received by Karta for working as a secretary of a company. Rs. 5,30,000.
  - d. Municipal value of ancestral house let out Rs. 34,000.
  - e. Local taxes of house paid rs. 4,000
  - f. dividend from and Indian company (gross) Rs. 8,000
  - g. LTCG Rs. 39,000
  - h. Profit from a firm Rs. 28,000
  - i. Donation to recognised educational institution in cash Rs. 1,000
  - j. Life insurance premium paid Rs. 6,000.





Compute total income and tax liability of HUF for the AY 2019-20

**MODULE 4 (CO4) Value the taxability of Companies' Income.(Apply)**

**SECTION A**

1. Relate company for tax purpose.
2. Define Indian company.
3. Define public sector company.
4. Relate domestic company.
5. What is a foreign company?
6. What you mean by widely held company?
7. What you mean by closely held company?
8. What is private company?
9. Interpret the meaning of substantial interest in a company.
10. Outline the tax rates applicable to domestic companies.
11. List the companies in which public are substantially interested

**SECTION B**

12. Briefly explain the companies in which public are substantially interested.
13. Relate the provisions of MAT applicable to companies.
14. How tax credit for Minimum Alternate Tax given?
15. Show the computation of book profit for the purpose of MAT.
16. How the residential status of a company is determined under income tax?
17. Explain the provisions of tax applicable to new domestic companies under section 115BA.
18. Explain the provisions of Tonnage Tax System.
19. Relate tax on buy back of unlisted shares.



### SECTION C

20. Explain in detail the provisions of MAT applicable to companies.
21. Explain in detail the companies in which public are substantially interested.
22. Describe in detail the steps for computation of book profit for the purpose of MAT.
23. Explain the conditions specified under section 115BAA for companies to be assessed at a reduced tax rate.

### **MODULE 5 (CO5) Articulate atx planning provisions of an assessee.(Understand)**

#### SECTION A

1. Distinguish between tax planning and tax management.
2. What you understand by tax planning? Is tax planning is ethical?
3. Discuss the justification of tax avoidance.
4. Distinguish between tax planning and tax evasion.
5. What is you mean by tax deduction at source?
6. What you mean by tax collection at source?
7. What is tax evasion.
8. Relate tax management.
9. State any four benefits of tax planning?
10. State any two tax planning methods which can be adopted by individuals having income from salaries.

#### SECTION B

11. Discuss the need for tax planning.
12. Explain the limitations of tax planning.
13. Differentiate between Tax Planning and Tax Evasion
14. Differentiate between Tax Planning and Tax Management.
15. Discuss the scope of tax planning relating to income from other sources.



16. Briefly explain the scope of tax planning for companies.
17. Briefly explain the scope of tax planning for partnership firms.
18. Explain the scope of tax planning relating to income from other sources.

### **SECTION C**

19. What is tax management? Explain the various aspects of tax management.
20. Discuss the scope of tax planning from the point of view of an employee.
21. Explain in detail the scope of tax planning for individuals.
22. Distinguish between 'tax planning', 'tax avoidance', 'tax management', and 'tax evasion'. Give illustrations of each.