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Reg. No.....

Name.....

M.Com. DEGREE (C.S.S.) EXAMINATION, NOVEMBER 2021

Fourth Semester

Faculty of Commerce

Elective—Finance

DT 04C 17—DIRECT TAXES – ASSESSMENT AND PROCEDURES

(Common for all Electives)

[2012 – 2018 Admissions—Supplementary/Mercy Chance]

Time : Three Hours

Maximum Weight : 30

Section A

*Answer any five questions.
Each question carries 1 weight.*

1. What is MAT ?
2. What is Tax Clearance Certificate ?
3. Distinguish tax evasion and tax avoidance.
4. What are the rules relating to remuneration u/s. 40 (b) ?
5. What do you mean by appellate tribunal ?
6. How is residential status of HUF is determined ?
7. What is SAHAJ ?
8. Estimated total income of a domestic company for the financial year 2016–2017 is one crore two lakh rupees. Determine amount of advance tax payable.

(5 × 1 = 5)

Section B

*Answer any five questions.
Each question carries 2 weight.*

9. Which are the modes of recovery of tax. Explain.
10. What is National Tax Tribunal ? Explain the powers of NTT.
11. Discuss various requisites of a successful tax planning.
12. Which are the incomes not treated as family income of HUF.

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13. The income and expenditure of Ms. Verma Association, a firm of advocates, for the year ended 31-3-2016 was as follows :

	Rs.		Rs.
Expenses	2,00,000	Consultancy charges	4,60,000
Salary to Clerk	90,000	Special commission fees	40,000
Interest to partners	60,000	Sundry receipts	10,000
Remuneration to partners	3,80,000	Net loss	3,10,000
Donation	15,000		
Depreciation (Car)	75,000		
	8,20,000		8,20,000

Firm fulfills the condition of Sec. 184. Firm has 2 partners of the expenses Rs. 1,20,000 is not genuine. Depreciation allowable is Rs. 30,000, Interest is allowed to partners as the rate of 20% Salary to clerk is unreasonable to the extent of Rs. 30,000. Compute total income and tax payable by the firm.

14. 'X's income under the head salary is computed at Rs. 6,67,000. The contribution in R.P.F. and P.P.F. is Rs. 50,000. He has paid L.I.C. premium of Rs. 15,000 on a policy of Rs. 1,20,000 taken after 1-4-2012 and purchased shares of eligible issue of capital Rs. 5,000. Compute the amount of tax to be deducted at source during the financial year 2016–2017. He has informed to the employer that there is loss under the head income from house property on account of interest payment in relation to self occupied house of Rs. 30,000.
15. From the following information compute the taxable income and net tax liability of HUF for the A.Y. 2016–2017.

Rent received from house property 6,000 p.m., Municipal valuation 50,000, Local tax 10%, Income from business 2,90,000, STCG – 15,000, LTCG – 30,000 Dividend received from UTI – 10,000. Income from lottery (gross) – 50,000.

16. An individual resident in India has the following income during the P.Y. 2015–2016 :

- Business income in India – Rs. 7,20,000
 - Business income in a foreign country with which India does not avoidance of double taxation agreement – Rs. 2,40,000
 - Tax levied in foreign country on income mentioned in (2) – Rs. 48,000.
 - Deposited in P.P.F. – 60,000.
- Compute tax payable by him.

(5 × 2 = 10)





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Section C

*Answer any **three** questions.
Each question carries 5 weight.*

17. Explain briefly different types of assessment.
18. What are the general powers of income tax authorities. Explain.
19. Explain the need and limitations of tax planning.
20. A, B and C are partners in a firm sharing profits in the ratio of 3 : 2 : 1. Firms P/L A/c of the year ended 31st March 2016 revealed a net profit of the Rs. 15,00,000 after deductions of the following :
Salary to A – 8,00,000, Rent of building owned by A – 60,000. Firm's office is situated in this building. Commission paid to A, B and C – Rs. 2,00,000, Rs. 3,50,000 and Rs. 7,00,000 respectively. Interest on capital at 20% p.a. to A, B and C Rs. 1,50,000, Rs. 2,50,000 and Rs. 3,50,000 respectively. Bonus paid to C – Rs. 5,00,000. Repairs and renewables of building of A 2,00,000. Firm is not responsible to repair the building. Interest on loan given by C's wife out of her stridhan – Rs. 3,00,000. Audit fee paid to A's son who is Chartered Accountant – Rs. 20,000. Taxi hire paid to B – Rs. 25,000. B runs taxi business independently. Firm took his taxi as hire for firms business. Firm donated Rs. 80,000 to approved institution by cheques. Firms income of Rs. 1,50,00,000 includes 4,50,000 (net) interest received on Government securities. Compute firms total income and tax liability for the A.Y. 2016–2017.
21. The gross total income of Ramesh Ltd. was computed as under for the previous year 2015 – 2016 :
 - (a) Paper mills income – Rs. 2,80,000.
 - (b) Mini cement plant profit – Rs. 60,000
 - (c) Profit of new industrial unit situated at Meghalaya (backward state). This unit was established in 2006–2007 – Rs. 85,000.
 - (d) Expert business profit – Rs. 2,45,000.
 - (e) Profit from poultry farming, commenced in October 2013 – Rs. 1,00,000.
 - (f) Long term capital gains – 70,000.
 - (g) Income from royalty – Income from Prabhakar Ltd. (Indian Co.) for supply of technical know how – 80,000, and from Stouson Ltd. (a foreign company) for supply of technical know how – 90,000.
 - (h) Profit of Hotel – Rs. 70,000.
 - (i) Profit of Small Scale Industry – Rs. 50,000.
 - (j) Loss of steel plant – 90,000.
 - (k) Dividend from non-domestic Co – Rs. 75,000. Compute Co's total income and gross tax liability company donated by cheques Rs. 40,000 to P.M. National Relief Fund and Rs. 90,000 to M.P. Government for family planning.

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22. The following is P and L A/c of BOI in which there are three claimants X, Y and Z.

	Rs.		Rs.
Trade Expenses	1,60,000	Gross profit	3,40,000
Bad debts	20,000	Income from other sources	60,000
Reserve for bad debts	10,000	Rent from let out property	90,000
Municipal taxes (let out)	30,000	Interest as drawings X	5,000
Salary to X	50,000	Y	10,000
Commissions to Y	60,000	Z	15,000
Bonus to Z	70,000		
Interest on Capital :			
X	10,000		
Y	15,000		
Z	20,000		
Depreciation	30,000		
Net profit	45,000		
	<u>5,20,000</u>		<u>5,20,000</u>

Members share profits and losses equally. The BOI is not eligible for any depreciation. Compute total income of BOI and tax payable by it for the year 2015–2016.

(3 × 5 = 15)

