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Reg. No.....

Name.....

M.Com. DEGREE (C.S.S.) EXAMINATION, APRIL 2019

Fourth Semester

Faculty of Commerce

Branch—Elective—Finance

DT04C17—DIRECT TAXES—ASSESSMENT AND PROCEDURE

[Common to all Elective Branches]

(2012 Admission onwards)

Time : Three Hours

Maximum Weight : 30

Section A

Answer any five questions.

Weight 1 each.

1. Explain the tax liability of the members of AOP.
2. Is it necessary to file a return of loss ? What is the benefit of filing a return of loss ?
3. What is 'PAN' ? What are the usefulness of PAN ?
4. Who is the principal officer of a company ?
5. Explain the powers of Commissioner (Appeals).
6. From the following particulars, compute the total income of Z Ltd an Indian Company for A. Y. 2015—16 :

	Rs.
(a) Interest on Securities	: 2,000 (Gross)
(b) Business Income	: 3,00,000
(c) Interest on debentures of an Indian Paper Mill Ltd	: 50,000 (Gross)
(d) Dividend from an Indian Company B	: 20,000 (Gross)

It has distributed dividend of Rs. 50,000 on 1.9.2014.

7. Explain any *five* deductions available from the income of a partnership firm.
8. State the circumstances under which an order for search and seizure can be passed by the income tax authority.

(5 × 1 = 5)

Turn over





19001077

Section B*Answer any five questions.**Weight 2 each.*

9. Explain the constitution of an Appellate Tribunal and elucidate the orders for which an assessee can appeal to the Appellate Tribunal.
10. The book profit of a company in the previous year 2014–15. Computed under section 115 JB is Rs. 6,70,000. Its total income under the Income tax Act for the same period is computed at Rs. 1,20,000. Is the company liable to pay, 'Minimum Alternate Tax' ? If yes, how much has to be paid.
11. Describe the various authorities entrusted with the work of administration of the law of income tax in India.
12. Describe the various exemptions allowed under the wealth-tax Act.
13. Total income of AOP is Rs. 3,00,000. One of its members is a closely held company VIZ Sun Ltd (a foreign company) and the other member is Mr. Moon. they share profit and loss is 2 : 1. Their other incomes are Sun Ltd Rs. 40,000 (Business Income) Mr. Moon Rs. 24,000 (House property income computed).

Find out the tax liability of AOP and members for the A.Y. 2015–16.

14. Explain the various cases in which a return of income shall be regarded as defective.
15. What is rectification of mistake ? What mistakes can be rectified ?
16. Anil, Babu and Kumar are partners in a firm sharing profits and losses equally. The Profit and Loss Account of the firm for the previous year is given below :

To Sundry Trade expenses	1,00,000	By G.P b/d	2,90,000
To Interest on capital @ 20 %		By Interest on Securities	10,000
Anil	16,000		
Babu	14,000		
Kumar	12,000		
To Rent to Babu	30,000		
To Salary to Babu	72,000		
To Commission to Kumar	36,000		
To Net Profit	20,000		
	3,00,000		3,00,000

Compute the book profit of the firm.

(5 × 2 = 10)





19001077

Section C

Answer any **three** questions.

Weight 5 each.

17. Explain the terms Tax evasion, Tax avoidance and Tax planning. Explain the tax planning for Employees Remuneration.
18. What is an appeal ? Explain in detail the various stages of appeal under the Income Tax Act.
19. The Profit and Loss Account of Supriya Ltd. disclosed a net profit of Rs. 3,46,000 after debiting/crediting the following :
- (1) Provision for tax Rs. 1,00,000 and proposed dividend Rs. 1,50,000.
 - (2) Repairs include Rs. 40,000 as cost of additions to factory building.
 - (3) Closing stock of the company was Rs. 36,000. It was arrived at by valuing 10 % below cost. But opening stock was valued at cost.
 - (4) Legal expenses include Rs. 10,000 as penalty for infraction of customs law.
 - (5) Depreciation debited to profit and loss account is Rs. 66,000 while the amount allowable as per rules in Rs. 42,000.
 - (6) Donations made to Government to be utilised for promotion of family planning Rs. 20,000.
 - (7) Dividend received from another Indian Company (credited in the profit and loss account) amounted to Rs. 10,000.
 - (8) Rs. 10,000 paid to a Chartered Accountant as fees for filing income-tax appeals.

Compute the total income of the company.

20. Ram and Krishna are partners in Madurai Co, a partnership firm, which is engaged in manufacturing carpets. They share profits and losses in the ratio 2 : 3.

The Profit and loss account of the firm for the year ended 31st March , 2015 is as follows :

Turn over





19001077

<i>Debits</i>		Rs.
Cost of goods sold		10,00,000
Depreciation		50,000
Salary to staff		1,00,000
Remuneration to Partners :		
Ram	2,50,000	
Krishna	<u>1,20,000</u>	3,70,000
Interest on Capital @ 15 %		
Ram	45,000	
Krishna	<u>67,500</u>	1,12,500
Sundry expenses		1,00,500
Net Profit		7,35,200
		<u>24,68,200</u>
		<u><u>24,68,200</u></u>
<i>Credits</i>		
Sales		23,00,000
Dividends		28,200
Winnings from lotteries (Gross : Rs. 2,00,000)		1,40,000
		<u>24,68,200</u>
		<u><u>24,68,200</u></u>

Additional Information :

- 1 The firm donated Rs. 30,000 to National Defence fund and this amount is included in sundry expenses.
- 2 Depreciation admissible under the income-tax rules is Rs. 68,000.
- 3 The firm is evidenced by partnership deed.

Compute the taxable income and amount of tax liability of the firm for the assessment year 2015–16.





19001077

21. XL Ltd, is a company carrying on business in the construction and sale of residential flats. It furnishes the following data and requests you to compile wealth tax return and determine the tax payable for the A.Y. 2015–16 :

	Market value
1 Land in Rural area	: 10,00,000
2 Land in Urban area (construction not permitted as per Municipal laws)	: 25,00,000
3 Land in Urban area (held as stock-in-trade since 2011)	: 50,00,000
4 Motor cars (not being held as stock-in-trade)	: 12,00,000
5 Jewellery (not being held as stock-in-trade)	: 20,00,000
6 Aircraft	: 1,60,00,000
7 Bank Balance	: 3,00,000
8 Cash in hand as per cash book	: 2,00,000
9 Residential flats of identical size provided to 6 employees for their use (salary of one of them exceeds Rs. 10 lakhs)	: 18,00,000
10 Residence provided to Managing Director (Salary exceeds Rs. 10 lakhs)	: 20,00,000
11 Flats constructed and remaining unsold (not being held as stock-in-trade)	: 35,00,000
12 Residence provided to whole time director (Salary Rs. 7,20,000 the director owns 20 % equity shares)	: 30,00,000

The Company has taken a loan of Rs. 6,00,000, Rs. 7,00,000 and Rs. 10,00,000 for acquiring property numbers (1), (3) and (12) above respectively.

22. Persons responsible for making payment of income covered by the scheme are responsible to deduct tax at source. Explain the provisions relating to deduction of tax at source form the various payments of income.

(3 × 5 = 15)

