

TM154130A

Reg. No.

Name:

M. COM. DEGREE (C.S.S.) EXAMINATION, MARCH 2017
SEMESTER IV – CORE COURSE (COMMERCE)
CO4C17TM – DIRECT TAXES - ASSESSMENT & PROCEDURE

Time: Three Hours

Maximum Marks: 75

PART A

I. Answer any five questions. Each question carries 3 marks

1. What do you mean by 'Advance Ruling'?
2. How the interest received by a partner is charged to tax in his hands?
3. Is a political party required to file a return of income? If yes, when?
4. What is 'unearned increase'? How is it treated for wealth tax purposes?
5. What are the consequences of best judgment assessment?
6. What are the limitations of tax planning?
7. What is defective return?

(5x3=15)

PART B

II. Answer any six questions. Each question carries 5 marks

8. What is PAN? Who has to obtain a PAN?
9. The book profits of a company in the previous year 2015-2016 computed in accordance with Sec 115JB of the Income- tax Act, is 12,00,000. Its total income under the Income-tax Act for the same period is computed at 3,50,000. Is the company liable to pay 'Minimum Alternative Tax'? If yes, how much is to be paid?
10. What are the powers of Assessing Officer?
11. Mr. Rahul provides the following particulars of his house situated in Delhi.

(i) Total area of freehold plot	5,000 sq. ft.
(ii) Build up area	1,700 sq. ft.
(iii) Rent received	3,000 p.m.
(iv) Municipal taxes	5,000 p.a.

Determine value of property.
12. Describe the cases in which tax is collected at source?
13. For the previous year , X Co- operative society derives income from the following sources

a. Cottage industry	10,000
b. Marketing of agricultural produce	2,000
c. Interest on securities	1,000
d. Income from house property (computed)	2,000
e. Other business	4,000

Compute the total income of the society.
14. Distinguish between 'tax planning' and 'tax evasion'.
15. What is the procedure to obtain tax clearance certificate?

16. X and Y carry on the business of dealing in electronic goods. The particulars of the firm, being registered for the previous year 2015-2016 have been given below:

Net profit as per profit and loss account 25,000

Profit has been computed after taking into account the following expenses:

(a) Salary to partners :	X –	12,000
	Y –	8,000
(b) Interest on capital @ 12%	X –	9,000
	Y –	9,000
(c) Bonus to partners:	X –	3,000
	Y –	3,000

The other incomes of the partners are given below:

For X – (i) Interest on Securities (gross) – 4,000

(ii) Income from house property – 3,000

(iii) Dividends from Indian companies – 6,000

For Y – Speculation profits – 6,000

Profit sharing ratio of the partners is 2:1. Find out the total income of each partner for the Assessment Year 2016-17.

(6x5=30)

PART C

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

17. Explain the provisions relating to valuation of immovable property for wealth tax.
 18. What is meant by 'return of income'? Explain the different types of returns of income.
 19. The following is P&L Account of X Ltd. For the year ended 31-03-2016

To salaries and wages	5,00,000	By Domestic sales	37,00,000
" rent and rates	4,00,000	" export sales	12,00,000
" repairs	3,20,000	" transfer from general	
" selling expenses	5,50,000	reserve	4,00,000
" depreciation	7,00,000		
" income tax	5,60,000		
" proposed dividend	4,70,000		
" Net profit	18,00,000		
	53,00,000		53,00,000

Other information

- The company has LTCG of 4,00,000 which is not credited to P & L Account.
- Foreign exchange remittance 9,00,000 (out of export sales).
- Depreciation u/s 32 6,50,000
- The company wants to set off the following

	For tax purpose	For accounting purpose
Brought forward loss of 2012-13	7,00,000	6,00,000
Unabsorbed depreciation	4,00,000	4,00,000

Compute total income of the company and tax payable considering the provisions of MAT.

20. The Doctors, Dr. John and Dr. Mathew are running a nursing home under a partnership firm sharing profits and losses equally and showed 2,14,600 as profit for 2015-2016 after taking into account the following items :

Debits:

Operation charges to Dr. Mathew (1,000 per operation)	15,000
Remunerations to Dr. John	76,000
Honorarium to Dr. Mathew	53,000
Bonus to each Doctor	22,000
Donation to a local temple	5,000
Interest on capital to each Doctor @12% p.a.	12,000
Purchase of surgical equipment	20,000

Credit:

House property rent	9,600
Dividend on shares (gross)	4,000

Compute firm' total income and find out the income of the partners taxable under the head profits and gains;

Firm's deed (certified copy submitted) provides for payment of operation charges, honorarium remunerations, bonus and interest on capital.

(2x15=30)