

MASTER'S DEGREE (C.S.S) EXAMINATION, MARCH 2024

2022 ADMISSIONS REGULAR

SEMESTER IV - CORE COURSE (COMMERCE)

CO4C15TM20 - Income Tax - Assessment and Procedure

Time : 3 Hours

Maximum Weight : 30

Part A

I. Answer any Eight questions. Each question carries 1 weight

(8x1=8)

1. Explain the provisions of Section 184 in case of Assessment as a Firm.
2. Given the Book Profit to be Rs. 4,43,000, compute the remuneration allowable under the Act. The actual amounts paid to the partners A,B and C are: Salaries to A- Rs. 1,30,000 and B- Rs. 1,20,000. Bonus to C- Rs. 15,000. Commission to A- Rs. 5,000, B- Rs. 12,500, C- Rs. 17,500.
3. The book profits of a company in the previous year, computed in accordance with Sec. 115JB of the income tax Act, is Rs. 12,00,000. Its total income under the Income tax Act for the same period is computed as Rs. 3,50,000. Is the company liable to pay Minimum Alternative Tax? If yes, How much has to be paid?
4. A public charitable trust derived a gross income of Rs 16 lakh which consist of the following:
 1. Income from properties held under trust Rs. 8,00,000.
 2. Net income from business Rs. 50,000, Aggregate business receipt is Rs 3,00,000.
 3. Voluntary contributions Rs. 7,50,000.

The trust applied Rs 11,60,000 towards charitable purpose including repayment of loan taken for construction of orphan home Rs. 3,60,000.

Determine the taxable income of the trust.

5. What is TAN? What are the consequences of failure to deduct tax?
6. Write a note on rectification of mistake.
7. Write a note on Tax Clearance Certificate.
8. Mention the limitations of Tax Planning.
9. Explain the scope of tax planning relating to capital gain.
10. What are the provisions relating to application of assets retained under Sec 132?

Part B

II. Answer any Six questions. Each question carries 2 weight

(6x2=12)

11. Give the proforma of computation of: a. Book Profit of the Firm b. Total Income of the Firm.
12. A, B and C are partners of a firm enjoying profits and losses in the ratio of 3: 2: 1. From the following available particulars compute the book profit and total income of the firm for the current Assessment Year assuming that the firm fulfils the conditions of section 184. (in Rupees)

Profit and Loss Account for the year ended 31.03.2023			
To Sundry Expenses	1,64,500	By Gross Profit	2,00,000
To Salaries:			
A- 17,000		By Interest on securities (Gross)	18,600
B- 15,000	32,000		
To Commission to C	20,000	By Dividend from Indian Companies (Gross)	10,000



To Interest on Capital @ 12% p.a. A- 5,000 B- 10,000	15,000	By Income from House Property	20,000
To Net Profit: A- 17,550 B- 11,700 C- 5,850	35,100	By Capital Gain (Short-term)	18,000
	2,66,600		2,66,600

Sundry expenses include 5,000 spent for the purchase of a scooter by A for using as conveyance to attend office.

13. Write a note on 'Domestic' and 'Foreign' companies.
14. K electronics Ltd is a domestic company in which public are substantially interested. The following are the particulars of income in respect of the current previous year:
 1. Interest on Govt securities Rs 20,000.
 2. Income from other source Rs 4,90,000.
 3. Short term capital gain Rs 15,000.
 4. Long term capital gain Rs 33,000.
 5. Dividend from Foreign company Rs 20,000.
 6. Book profit u/s 115JB Rs 9,00,000.

Compute company's total income and its liability.

15. Define the word 'Trust'. Briefly explain various types of trust.
16. From the following information relating to the income of a co-operative society, you are required to compute its total income and the amount of tax payable thereon for the current Assessment Year:
The society is primarily engaged in the manufacturing of fruit products (cottage industry).

Income from manufacturing and marketing of fruit produce	80,000
Interest on deposits with the Central co-operative society	16,000
Income from other business	78,000
Income from collective disposal of the labour of its members	16,000
Interest from Government securities	8000
Long term capital gain	25,000
Income from house property	10,000

On an examination of the books of accounts of the society it has been revealed that it has given a donation of Rs 5000 by cheque to the National Children's Fund.

17. State the powers of CBDT.
18. "Tax planning is not possible without tax management", Discuss.

Part C

III. Answer any Two questions. Each question carries 5 weight

(2x5=10)

19. From the following Profit & Loss A/c of a partnership firm for the year ended. compute book profit, income from business and total income of the firm for the current Assessment Year. The firm fulfils the conditions of section 184. (in Rupees)



To Rates and taxes	3,750	By Gross Profit	1,44,000
To Rent	18,000	By Commission	7,500
To Car expenses	13,500	By Income tax refund	11,550
To Entertainment expenses	4,500	By Excise Suspense received	3,750
To Salaries	54,000	By Scrap sales	7,500
To Electricity and water	3,300	By Short-term capital gain	22,500
To Repairs	9,000		
To Trade expenses	9,750		
To Depreciation	12,000		
To Legal Expenses	5,250		
To Net Profit	63,750		
	1,96,800		1,96,800

Other particulars:

(a) Salaries include Rs. 23,400 paid to Managing Partners.

(b) Rent includes Rs. 9,000 paid to a partner for the premises occupied by the firm.

(c) Rates & Taxes include municipal taxes of Rs. 1,500 paid on the premises of the partner, to be borne by him

(d) Repairs include cost of electric motor replaced at a cost of Rs. 4,500.

(e) Trade Expenses include:

(i) Donation to Charitable Institution Rs. 2,250 by cheque

(ii) Diwali Pooja Expenses Rs. 1,500.

(f) Legal Expenses include Rs. 750 paid to advocate in connection with the litigation of the partner's property.

(g) Excise Suspense was disallowed when debited in the earlier year, i.e. Assessment Year 2021-22.

20. C Ltd showed a net profit of Rs 3,35,000 during previous year. Scrutiny of accounts revealed the following items:

1. Donation paid to an approval public charitable trust Rs 20,000 by cheque.
2. Provision for income tax Rs. 1,00,000.
3. Family planning expenses Rs 25,000.
4. Capital expenditure on family planning Rs 1,00,000.
5. Bad debts allowed earlier recovered during the previous year Rs 10,000.
6. Interest on bank deposit Rs 30,000
7. Long term capital gain Rs 1,00,000.
8. Dividend from an Indian company Rs 20,000 (gross).

There was :

1. Unabsorbed depreciation Rs 35,000
2. Unabsorbed capital loss Rs 40,000 brought forward from the earlier assessment year.

Compute total income of the company for the current assessment year.

21. Calicut co-operative society gives the following details of income for the current year.

1. Income from credit facilities to members Rs. 35,000.
2. Dividend received from a co-operative society Rs. 5000.
3. Rent from a house property let out for a shop run by another society Rs 5,000 per month.
4. Income from letting out a godown for storage of commodities Rs 7,000 (computed).
5. Interest received on securities listed in stock exchanges Rs. 9000.



6. Interest on fixed deposit with a co-operative bank Rs.3000.

7. Income from small scale industry (backward state, established 12 years ago) Rs. 2,50,000.

The following expenses of the let out property were debited to p&l a/c of the business.

Repairs Rs 5000, Municipal taxes Rs 1000, collection charges Rs 1000, Fire insurance premium Rs 500, Interest on loan taken for construction Rs. 30,000.

During the year the society made a donation of Rs. 20,000 to a national political party. Compute tax payable by the society.

22. What do you understand by Permanent Account Number? What are the consequences for failure to apply for the allotment of a Permanent Account Number?

