

TM244480P

Reg. No : .....

Name : .....

MASTER'S DEGREE (C.S.S) EXAMINATION, MARCH 2024  
2022 ADMISSIONS REGULAR  
SEMESTER IV - CORE COURSE (COMMERCE & MANAGEMENT)  
CM4C15TM - 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 computation of tax on income of partnership firm.
2. Explain the consequences of non-compliance of section 184 by a firm.
3. Explain the provisions relating to the determination of residential status of Joint Stock Companies.
4. Give any four deductions that can be claimed by a company under Chapter VI A of Income Tax Act.
5. Differentiate between Public trust and Private trust.
6. Explain Public cum private trusts.
7. Explain when an assessee can submit a revised return of income.
8. Explain the relevance of DTAA.
9. Define tax planning.
10. Briefly explain how tax planning differs from tax management.

**Part B**

**II. Answer any Six questions. Each question carries 2 weight (6x2=12)**

11. Explain the provisions relating to remuneration to working partners u/s 40(b).
12. Dr. Ashok and Dr. Bhushan are running a hospital as a partnership firm sharing equally. Their income and expenditure account showed a net income of Rs. 21,00,000. The following items have been debited to account along with other items.
  - i) Operation charges to Dr. Bhushan (Rs. 10,000 per operation) Rs. 3,50,000
  - ii) Salary to Dr. Ashok Rs. 7,00,000
  - iii) Salary to Dr. Bhushan Rs. 5,00,000
  - iv) Bonus to the doctors Rs. 2,00,000 each
  - v) Donation to a temple Rs. 50,000
  - vi) Interest on capital at 12% Rs. 2,00,000 each to both the partners
  - vii) Surgical equipments Rs. 2,00,000
  - viii) Salary of nurses Rs. 8,00,000The following items have been credited to income and expenditure account.
  - i) Rent from let out house property Rs. 2,40,000
  - ii) Dividend on shares Rs. 4,00,000
  - iii) Consultation fee and visiting fee Rs. 12,00,000Compute the total income of the firm assuming that the firm satisfies all the conditions of section 184.



13. State the conditions specified under eligibility criteria of section 115BAA, for a domestic company to pay tax at a reduced rate of 22%.
14. GE. Ltd is a domestic company in which public are substantially interested. The following particulars of its income are given to you.
  - i) Interest on Govt. securities Rs. 20,000

- ii) Income from business Rs. 50,000
  - iii) Short term capital gains Rs. 15,000
  - iv) Long term capital gains Rs. 33,000
  - v) Dividend from a foreign company Rs.10,000
  - vi) Dividend from an Indian company (Gross) Rs.10,000
  - vii) Book profit u/s 115JB Rs.6,00,000
- Compute the net tax liability of the company for the year.

15. Explain the various deductions available to co-operative societies u/s 80P of Income Tax Act.
16. A public charitable trust runs a hospital, which derived income of Rs. 250 lakhs from its operational activities. Expenses incurred to earn such income are Rs. 55 lakhs. Depreciation on various assets used in the hospital is Rs. 15 lakhs. Out of income of Rs. 250 lakhs, the amount accrued but not received as on 31-03-2023 is Rs. 20 lakhs. The institution earmarked and set apart Rs. 30 lakhs in March 2022 to give as advance for a building intended to be taken on lease for expansion of the hospital, but the amount was paid on 7<sup>th</sup> April, 2023, as the lease agreement could not be signed by 31<sup>st</sup> March, 2023. The trust has got an ERP package developed and installed by an IT company during the year. The total cost to the trust on account of ERP package was Rs. 85 lakhs. Trust has incurred Rs. 12 lakhs for the purchase of desktop and laptop computers for use in the hospital. Compute the taxable income of the trust.
17. From the following information determine the amount of tax to be deducted at source for the employees A and B, assuming that the employees did not furnish their PAN to the employer. (Ignore section 115BAC)

Particulars	A	B
Gross salary	Rs. 5,00,000	Rs. 20,00,000
Life insurance premium paid	Rs. 25,000	Rs. 3,00,000
RPF contribution	Rs. 15,000	Rs. 1,20,000
Medical insurance premium paid by cheque for the family	Rs. 5,000	Rs. 30,000

18. Differentiate between tax evasion and tax avoidance

### Part C

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

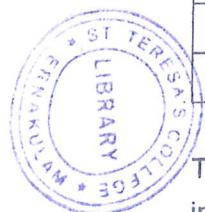
(2x5=10)

19. Ram and Syam are equal partners in a firm. From the following Profit and Loss Account, compute total income of the firm, tax payable by it and the amount which will be included in the income of Ram and Syam. Ram and Syam are working partners.

#### Abstract from P&L a/c for the year ended 31.03.2023

Interest on capital (10% ) to Ram	9,000	Business profit	1,30,000
Interest on capital (10% ) to Syam	15,000	Income from house property (computed)	2,00,000
Remuneration to Ram	60,000	Long term capital gains	20,000
Remuneration to Syam	30,000	Short term capital gains	10,000
Approved donations	10,000		
Surplus: Ram	1,18,000		
Syam	1,18,000		
	3,60,000		3,60,000

The firm satisfies section 184. Remuneration and interest on capital are as per partnership deed. Other information are:





- i) Ram paid interest to the firm on drawings for household expenses Rs.2,000.
- ii) Syam paid interest Rs. 10,000 on money borrowed to contribute capital in the firm.
- iii) Ram purchased a car for Rs. 1,80,000 in April, 2022. The expenses on running and maintaining the car for the year amounted to Rs. 20,000. He says that car has been used for the firm and also for personal purposes. 50% use of the car is for personal purposes.

20. The P&L a/c of SR Ltd, for the year ended 31st March 2023 is given below.

**P&L a/c of SR Ltd. for the year ended 31.03.2023**

Trade expenses	4,500	Gross profit	1,98,620
Rent, rates and fees	10,000	Interest (Savings bank a/c)	3,750
Income tax	28,000	Rent received on property	10,700
Insurance premium	6,000	Long term capital gain	5,830
Loss by theft	3,250		
General charges	30,000		
Depreciation	2,500		
Short term capital loss	1,550		
Salary	8,400		
Bad debts	1,700		
Provision for bad debts	3,760		
Penalty	1,340		
Commissions	6,350		
Net profit	1,11,550		
	<b>2,18,900</b>		<b>2,18,900</b>

Following further details are available.

- i) General charges include Rs.3,000 spend on the occasion of commencement of new trading outlet and Rs. 10,000 on deposit includes Tatkal Telephone Deposit Scheme.
  - ii) The commission amount represents amount paid for securing orders for the business.
  - iii) Penalty is imposed by the customs authorities for breach of law.
  - iv) Depreciation amount includes Rs. 1,900 for machinery and Rs. 600 for furniture & fixtures. The written down value of the machinery and furniture as on 01-04-2022 were Rs. 10,000 and Rs. 8,000 respectively. (Rate of depreciation 15% and 10% respectively)
- Compute the total income and tax payable for the assessment year.

21. A consumers co-operative society gives the following details for the year.

- i) Business profits Rs.7,15,000
  - ii) Dividends (Gross) on shares of X Ltd., an Indian Company Rs.15,000
  - iii) Interest on fixed deposits:
    - (a) From district co-operative bank (Gross) Rs. 60,000
    - (b) From State Bank of India (Gross) Rs.15,000
    - (c) Income from interest on Government securities Rs. 8,000
  - iv) Rent from letting out half portion of the building owned by the Society Rs. 24,000. Fair rental value of the building Rs. 60,000. Half portion is used as godown of the society. Municipal tax Rs. 3,000, Repairing expense Rs. 12,000 and Insurance premium Rs. 4,000 of the building have been charged against profits.
- In addition to the above the society has the following incomes too.
- (a) Fishing and allied activities Rs. 25,000
  - (b) Processing agricultural produces of members (without the aid of power) Rs. 6,000.



(c) Profits from cottage industry Rs. 40,000

(d) Long term capital gain on sale of urban property Rs. 15,00,000.

During the year the society had donated Rs. 1,00,000 by cheque, to Chief Minister's Fund for medical aid to poor. The society paid tuition fee for the year, to a college, in respect of meritorious children of the members Rs. 12,000. (College approved u/s 80G)

Compute the total income and tax payable by the society under normal provisions and u/s 115BAD.

22. Explain the powers of Director-General/Chief Commissioner/Commissioner of Income Tax.

