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Reg. No.....

Name.....

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

Fourth Semester

Faculty of Commerce

Core CM 010 402—INCOME TAX—ASSESSMENT AND PROCEDURE

(M.Com. Finance and Taxation, M.Com. Finance and Taxation (SF) M.Com. Marketing and International Business (SF), M.Com. Management and Information Technology (SF)

[2019 Admissions]

Time : Three Hours

Maximum Weight : 30

Section A

*Answer any **eight** questions.*

*Answer shall not exceed **One Page** (Weight 1).*

1. What is Revised Return ? What is the time limit for filing a revised return ?
2. Explain Tax Avoidance.
3. Explain in brief the criteria for determining the residential status of a Company.
4. Write a note on refund of tax and interest on refund.
5. Explain in brief the condition for allowability of deduction of interest to a partner.
6. Give a brief note on the exemption available to Co-operative Societies.
7. Mr. Avinash is an employee of Info Ltd., Chennai. He receives basic salary of Rs. 65,000 p.m.. He also receives D.A. (Forming part of retirement benefits) of Rs. 5,000 p.m. and House Rent allowance of Rs. 6,000 p.m. He lives in a rented house paying a monthly rent of Rs. 6,500. Find out his taxable salary for the year.
8. AB and Co. is a partnership firm whose operations are carried out in India. However, all meetings of partners take place outside India as all the partners are settled abroad. Determine Residential status of firm for A.Y. 2020-21.
9. An individual need to pay Rs. 1,00,000 as advance tax. By 15th of June, how much amount must be paid by the individual ? What will be your answer if his advance tax liability is only Rs. 9,000.

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10. Mrs. Anu is an dancer. She derived income of Rs. 20 lakhs from her performance in foreign countries. Tax was deducted from income @ 20 %. There is no agreement for double taxation avoidance. Indian income of Anu is Rs. 6,50,000. Compute the tax liability if she is an ordinary resident.

(8 × 1 = 8)

Section B

Answer any six questions.

Answer shall not exceed two pages. (Weight 2).

11. What are the different types of trusts ? Explain the exemptions available to charitable trust in detail.
12. Who is responsible to collect tax at source ? When tax has to be collected at source ?
13. The Hyderabad Co-operative Society has the following sources of income during the financial year 2019-20 :

Income from processing with the aid of power—Rs. 8,000.

Income from collective disposal of labour of its member—Rs. 15,000.

Interest from another co-operative society—Rs. 25,000.

Chargeable income from house property—Rs. 60,000.

Income from other business—Rs. 55,000.

Find its total income, showing the computation under proper heads of income, and the tax payable, as per the provisions of the Income-tax Act, 1961.

14. A Public Charitable trust registered u/s 12AA, for the previous year ending 31-03-2020 derived gross total Income of Rs. 21 lakhs which consists of the following :

(a) Income from properties held by trust (net)—Rs. 10 Lakhs.

(b) Income (Net) from business (incidental to main objects)—Rs. 4 Lakhs.

(c) Voluntary contributions from public—Rs. 7 Lakhs.

The trust applied a sum of Rs. 11.60 Lakhs for Charitable purpose during the year which includes repayment of loan taken for construction of Orphanage Rs. 3.60 Lakhs. '

Determine the taxable income of trust for the assessment year 2020-21.





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15. Examine the liability of tax deduction in the following cases :
- (a) A TV Channel pays a prize money of Rs. 10 Lakhs on 01.09.2019 to the winner of a quiz programme.
 - (b) State Bank of India pays Rs. 50,000 as monthly rent to the Central Government for a building in which one of the branches is situated.
 - (c) A television company pays Rs. 80,000 to a cameraman on 6th January, 2020 for shooting of a documentary film.
 - (d) A State Government pays Rs. 22,000 on 02-07-2019 as commission to one of its agents on sale of lottery tickets.
16. A, B and C are partners in ABC and Co which has sustained a loss of Rs. 2,00,000 during the previous year. Remuneration paid to A Rs. 75,000, B Rs. 1,00,000 and C Rs. 50,000. Find out taxable income of firm as well as the remuneration taxable in the hands of partners.
17. Write a note on return of loss.
18. Who is liable to pay advance tax ? State the due dates for payment of advance tax by an individual.

(6 × 2 = 12)

Section C

Answer any two questions.

Answer shall not exceed five pages. (Weight 5).

19. What is Tax Planning ? Explain how tax planning must be done for an individual having business income.
20. A domestic company, ABC Ltd., furnishes the following particulars in respect of Assessment Year 2020-21 and seeks your opinion on the application of Section 115 JB. You are also required to compute the total income and tax payable.

Profits as per Statement of profit and loss as per the Companies Act, 2013—Rs. 215. Lakhs Statement of Profit and Loss includes :

- (a) Credits : Dividend income from Indian companies—Rs. 20 Lakhs.
Excess realized on sale of land held as investment—Rs. 30 Lakhs.
- (b) Debits : Depreciation on straight line method basis—Rs. 100 Lakhs.
Provision for loss of subsidiary company—Rs. 60 Lakhs.

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Depreciation allowable as per the Income-tax Rules, 1962—Rs. 150 Lakhs

Short term capital gains on sale of land mentioned above as computed under Income-tax Act, 1961—Rs. 40 Lakhs.

Losses brought forward as per books of account and as per Income-tax Act, 1961 :

Business loss—Rs. 50 Lakhs.

Unabsorbed depreciation - Rs. 60 Lakhs.

21. X, Y and Z are partners in a partnership firm sharing profits and losses in the ratio of 2 : 2 : 1. For the previous year, the following incomes were earned by the firm :

Profits from business after deducting remuneration and interest to partners—Rs. 45,000.

Interest earned on Fixed Deposits—Rs. 15,000.

Remuneration to Mr. X— Rs. 1,50,000.

Interest on Capital to Mr. Y @ 13 %—Rs. 40,000

Unabsorbed depreciation—Rs. 25,000.

Brought Forward Business loss—Rs. 20,000.

Short term Capital gain on sale of land—Rs. 25,000

Compute total income of Firm as well as the tax payable by it.

22. Find out the amount of advance tax payable by Mr. A on specified dates under the Income-tax Act, 1961 for the financial year 2019-20 :

Business income—Rs. 4,85,000.

Long term capital gain on 31-5-2019—Rs. 60,000.

Winning from lotteries on 12-6-2019—Rs. 50,000

Interest on loan—Rs. 10,000.

Other income—Rs. 5,000.

Investment in PPF—Rs.10,000.

Tax deducted at source :

Case 1 Rs. 38,000

Case 2 Rs. 15,000

(2 × 5 = 10)

