

D 51187

(Pages : 5)

Name.....

Reg. No.....

**THIRD SEMESTER M.Com. (CBCSS) [REGULAR/SUPPLEMENTARY]  
DEGREE EXAMINATION, NOVEMBER 2023**

M.Com.

MCM 3C 12—INCOME TAX LAW, PRACTICE AND TAX PLANNING—I

(2019 Admission onwards)

Time : Three Hours

Maximum Weightage : 30

**Part A***Answer any four questions.**Each question carries 2 weightage.*

1. What is indexation ?
2. What is annual accretion ?
3. What is meant by tax management ?
4. What do you mean by 'profit in lieu of salary' ?
5. Write any four items not chargeable to income tax.
6. What do you understand by self-assessment ?
7. Smt. Pritam has to pay Rs. 50,000 as advance tax during the financial year 2023-23 she deposited Rs. 12,500 on 10.06.2022 as advance tax. Explain how much and on what dates she has to pay the balance amount.

(4 × 2 = 8 weightage)

**Part B***Answer any four questions.**Each question carries 3 weightage.*

8. What is AMT ? Explain the rules with regard to applicability of AMT.
9. Mr. Mahajan was employed in a company at Mandya. He retired from the service on 1st February 2022 after completing 25 years of service. From 1st August 2020, his pay scale was 16000-500-20,000 and was getting a D.A. of 30 % of Basic Pay which is also considered for computing retirement benefits. He had already encashed earned leave for 16 months. He was paid Rs. 2,35,000 on encashment after retirement. Compute the taxable amount.
10. From the following information, compute total income of Sri. Amarnath for the Assessment Year 2022-23 :

	Rs.
(1) Gift from his sister in England	... 2,30,000
(2) Gift from his friend on his birthday	... 10,000

**Turn over**

(3) Dividend from shares of various Indian companies ...	20,000
(4) Gift from his mother's friend on his engagement ...	25,000
(5) Gift from his fiancée ...	75,000
(6) Interest on Bank deposit (fixed deposit) ...	25,000
(7) Rent from house property ...	1,00,000

11. The income of a disabled individual for the Assessment Year 2022-23 consists of the following :—

	Rs.
(1) Income from business ...	1,26,000
(2) 1/3 share from AOP ...	25,000
(3) 1/5 share from a firm ...	21,000
(4) Interest on Govt. securities ...	10,000
(5) Income from lottery ...	4,40,000

Compute his net tax liability for the assessment year 2022-23.

12. P & L A/c of a trader shows net profit Rs. 38,00,000 after debiting following items :—

- (a) Payment of income tax Rs. 7,00,000 and income tax proceedings expenses Rs. 1,00,000.
- (b) Interest on loan taken for payment of income tax Rs. 50,000.
- (c) Customs duty Rs. 10,000 and interest Rs. 4,000 of GST.
- (d) Cash payment to a creditor Rs. 12,000.
- (e) Municipal tax Rs. 18,000. One third portion of the house is used for business and half portion is used for self-residence and remaining portion is let out.
- (f) Income Rs. 75,000 accrued during the year is not recorded in Profit and Loss Account.
- (g) During the year old bad debts Rs. 30,000 were recovered of which Rs. 10,000 were disallowed by Income Tax Officer at the time of earlier assessment. Interest on bank deposit Rs. 50,000 and profit on sale of a business vehicle Rs. 80,000 and rent Rs. 60,000 have been credited to P & L A/c.

Compute income from business for the Assessment Year 2022-23.

13. Mr. Virat is a manager of a company. He furnishes the following details :

- (a) Mr. Virat transferred a property worth Rs. 30 lakhs to his son's minor child in 2017. The income accrued to the child from the property was Rs. 50,000 during the year 2021-22.
- (b) He transferred a property worth Rs. 2 lakhs to his son's wife on in 2016. The income accrued to her the property was Rs. 30,000 during the year 2021-22.

(c) Mr. Virat is a member of Hindu Undivided Family and he transferred his personal property worth Rs. 1,00,000 to the H.U.F. in December 2019, without consideration. Income accrued to the family from the property during the year 2021-22 was Rs. 20,000.

(d) His other incomes are :

Income from salary Rs. 1,20,000 and winnings from chess Rs. 5,000.

Compute his taxable income for the previous year 2021-22.

14. Mr. Banerjee of Kolkatta submits the following particulars of his income for the year 2021-22 :

	Rs.
(1) Income from House Property	... 20,000
(2) Profit from Business A	... 50,000
(3) Loss from Business B (discontinued on 20 April 2019)	... 4,000
(4) Brought forward loss of Business B for the year 2017-18	... 1,20,000
(5) Dividend (Gross) on shares	... 30,000
(6) Card games-Loss	... 24,000
(7) Activity of owning and maintaining race horses :	
(a) Loss at Delhi Rs. 60,000	
(b) Profit at Mumbai Rs. 50,000	
(8) Suryaja, the minor daughter of Banerjee has been admitted to the benefit of partnership firm, from which she got Rs. 30,000 as interest.	

Compute the Gross Total Income of Mr. Banerjee for the year 2021-22.

(4 × 3 = 12 weightage)

### Part C

*Answer any two questions.*

*Each question carries 5 weightage.*

15. What is return of income ? Explain the different types of return.
16. Discuss the provisions relating to tax deducted at source.
17. From the following information, compute tax payable by Mr. Muhammad for the assessment year 2022-2023 :

	Rs.
Salary for 12 months	... 5,94,000
Interest on listed securities (gross)	... 3,000
Interest on Government securities	... 5,000
Interest paid on loan taken to purchase the Government securities	... 1,000
	<b>Turn over</b>

Income from house property (computed)	...	19,000
Loan term capital gain	...	70,000
Short term capital loss	...	-10,000
• Dividends : Income from an Indian company (gross)	... 4,000	
• Income from mutual fund (gross)	... <u>7,000</u>	11,000
Personal agriculture income	...	20,000
Brought forward agriculture loss	...	25,000
Paid insurance premium Rs. 13,000 on a policy taken after 1-4-2014 of Rs.	...	1,20,000
Paid donations to National Children's fund by cheque	...	5,000
Contribution to unrecognised Provident fund	...	3,000
Deposited in P.P.F.	...	30,000
Advance tax paid	...	1,000

18. Shri Ram Manohar is a registered medical practitioner. He keeps his books on cash basis and his summarized cash account for the year ended 31st March, 2022 is as under :

<i>Particulars</i>		<i>Amount</i>	<i>Particulars</i>		<i>Amount</i>
To	Balance b/d	... 5,850	By	Cost of medicines	... 12,000
	Loan from bank for Professional purpose	... 10,000		General expenses	... 450
	Sale of medicines	... 26,500		Motor car expenses	... 6,000
	Consultation fees	... 16,000		Salaries	... 1,200
	Visiting fees	... 3,000		Rent from dispensary	... 2,400
	Interest on Govt. securities	... 3,600		Telephone expenses	... 500
	Rent from house property	... 8,000		Personal expenses	... 1,600
	Gift from father-in-law	... 5,000		Life Insurance Premium	... 2,500
	Gift from patients	... 2,000		Interest on bank loan	... 200
				Insurance premium :	
				Car	... 700
				House property	... <u>500</u> 1,200
				Local taxes	... 800
				Travelling expenses (personal)	... 1,000
				Charity	... 100
				Balance c/d	... <u>50,000</u>
		<u>79,950</u>			<u>79,950</u>

Compute his income from profession and house property for the Assessment Year 2022-23 taking into account the further information :

- (a) One half of motor car expenses are in respect of his personal use.—
- (b) The following expenses were unpaid on 31st March 2022 :
  - (i) Rent of dispensary for 4 months—Rs. 1,200
  - (ii) Telephone bills—Rs. 280
- (c) Consultation fees include a receipt of Rs. 6,000 as advance for attending a medical camp in April 2022.
- (d) The written down value of motor car on 1-4-2021 was Rs. 12,720. Rate of depreciation 15 %.

(2 × 5 = 10 weightage)

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**THIRD SEMESTER M.Com. DEGREE (REGULAR/SUPPLEMENTARY)  
EXAMINATION, NOVEMBER 2022**

[November 2021 session for SDE/Private Students]

(CBCSS)

Master of Commerce

MCM 3C 12—INCOME TAX LAW, PRACTICE AND TAX PLANNING—I

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

**Part A**

*Answer any **four** questions.  
Each question carries 2 weightage.*

1. What is Faceless Assessment ?
2. What is Best Judgment Assessment ?
3. What is Long Term Capital Assets ?
4. Define Casual Income.
5. What is Tax Avoidance ?
6. What is Jurisdictionless Assessment ?
7. What is Transferred Balance ?

(4 × 2 = 8 weightage)

**Part B**

*Answer any **four** questions.  
Each question carries 3 weightage.*

8. Explain the powers of CBDT.
9. Write notes on Deduction U/S 80 IC ?
10. Explain tax treatment of Provident Fund.

**Turn over**

11. From the following information compute tax liability of a super senior citizen (keeping in view of provisions of AMT) for the A.Y. 2020-21 :

	Rs.
Pension	... 6,50,000
Royalty on books for college students	... 19,00,000
Expenses to earn royalty	... 1,00,000
Deposit in PPF	... 1,50,000
Donation to Prime Minister's National Relief Fund by Cheque	... 50,000

12. What is clubbing of income ? Explain the situations in which the provisions of clubbing of income are applicable.
13. The total income of a firm XYZ, the partners share profits and losses in the ratio of 1 : 2 : 3, was as per P and L A/c Rs. 1,31,800 for the Previous Year 2019-20. In computing total income of Rs. 1,31,800, the following have been debited to the P and L A/c :
- Salaries Rs. 1,30,000 and Rs. 1,20,000 to X And Y respectively.
- Interest on capital calculated @ 20 % of Rs.3,500, Rs. 14,000 and Rs. 10,500 to XY and Z respectively.
- Bonus to Z Rs. 15,000. Commission of Rs. 5,000, Rs. 12,500 and Rs. 17,500 to X,Y and Z.
- Z borrowed capital for his investment for his firm and had paid interest of Rs.7,500 separately to the lender.
- Compute the total income of the firm. All are working partners. The firm fulfills the conditions of Sec. 184.
14. What is Accelerated Assessment ? Explain the situations in which Accelerated Assessment is applicable.

(4 × 3 = 12 weightage)

### Part C

*Answer any two questions.  
Each question carries 5 weightage.*

15. What is Assessment ? Explain in detail about different types of Assessment.
16. Explain the powers of Income Tax Authorities.

17. A domestic company in which public are substantially interested submits the following particulars of its income of the previous year ended March 31, 2020 :

- i) Profit of business after deduction of donation to approved charitable institution Rs. 1,90,000.
- ii) Donation to charitable institution by cheque Rs. 30,000.
- iii) Interest on Government Securities Rs. 10,000.
- iv) Dividend from a domestic company (Gross) Rs. 60,000.
- v) Long Term Capital Gain Rs. 50,000.
- vi) Book Profits u/s 115 JB Rs. 8,00,000.

During the Financial Year 2019-20 the company deposited. Rs. 15,000 in IDBI. The company distributed a gross dividend of Rs. 1,00,000 on 6/12/2019.

Compute the taxable income of the company and tax payable by it for the Assessment Year 2020-21.

18. Mr. O and M is a cloth merchant. From the following P and L A/C for the year ended 31/03/2020, compute his income from business and his gross total income for the Assessment Year 2020-21 :

Profit and Loss Account for the year ended 31/03/2020			
Trade Expenses	450	Gross Profit	2,70,000
Establishment Charges	2,200	Dividend on Shares	
Rent, Rates and Taxes	1,400	(Gross)	4,000
Discount and Allowances	200	Rent from let out house	10,000
Income Tax	700		
Interest	1,450		
Postage Charges	100		
Gifts and Presents for publicity	125		
Fire Insurance Premium	250		
Charities	375		
Donations	400		
Repairs and Renewals	250		
Audit fees	250		
Net Profit	2,32,850		
	2,84,000		2,84,000

Turn over



Other Information :

- a) Rent and Taxes include Rs. 2,000 paid as Municipal Tax on house let out.
- b) Value of Life Insurance Policy is Rs. 18,000.
- c) Donation was given to an approved institution.
- d) Permissible Depreciation was Rs. 4,000.

(2 × 5 = 10 weightage)

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[November 2020 for SDE/Private Students]

(CBCSS)

M.Com.

MCM 3C 12—INCOME TAX LAW, PRACTICE AND TAX PLANNING—I

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

**General Instructions (Not applicable to SDE/Private Students)**

1. *In cases where choices are provided, students can attend **all** questions in each section.*
2. *The minimum number of questions to be attended from the Section / Part shall remain the same.*
3. *The instruction if any, to attend a minimum number of questions from each sub section / sub part / sub division may be ignored.*
4. *There will be an overall ceiling for each Section / Part that is equivalent to the maximum weightage of the Section / Part.*

**Part A**

*Answer any **four** questions.  
Each question carries 2 weightage.*

1. What is Belated Return ?
2. Who is Assessee in Default ?
3. What is Block of Assets ?
4. Define Long Term Capital Gain.
5. What is Tax Evasion ?
6. What is Tax Clearance Certificate ?
7. What is Faceless Assessment ?

(4 × 2 = 8 weightage)

**Part B**

*Answer any **four** questions.  
Each question carries 3 weightage.*

8. Explain the procedures for E-filing of IT Return.
9. Write notes on Deductions U/S 80 C.

**Turn over**

10. Explain the powers of CBDT.

11. The particulars of a residential house are given below for the Assessment Year 2020-21 :

1. Municipal value	Rs. 44,000
2. Fair rent	Rs. 48,000
3. Standard rent	Rs. 36,000
4. Actual rent	Rs. 37,200
5. Municipal taxes paid	Rs. 8,800
6. Ground rent payable	Rs. 60
7. Interest on money borrowed for construction	Rs. 5,000
8. Collection charges actually paid	Rs. 300

The assessee mortgaged the property for Rs. 36,000 which was spent on his daughter's marriage. The assessee paid interest of Rs. 3,000 on the mortgage loan this year. Compute his income from house property.

12. Shri. Manoj Kumar is getting Rs. 15,000 p.m as basic pay, Rs. 1,500 p.m. as dearness pay and Rs. 500 as dearness allowance. During the previous year he received the following allowances also :

1. Rs. 60,000 as an running allowance for reimbursement of personal expenditure while on duty during the running of a truck.
2. Rs. 120 p.m per son as education allowance for the education of his two children.
3. Both these sons are living in a hostel on whom Sri. Manoj Kumar is spending Rs. 500 p.m per son. He is getting Rs. 350 p.m per son as hostel allowance for meeting this expenditure.
4. Rs. 350 p.m as Tribal Area Allowance.
5. Rs. 100 p.m as conveyance allowance which is used by him for private purposes.
6. Rs. 3,000 p.m as HRA.

Shri. Manoj Kumar has taken a house for his residence at Bilaspur at Rs. 4,000 per month as rent. He contributes 12% of his basic pay and dearness pay to his RPF and the employer also contributes a similar amount. Compute taxable salary of Sri. Manoj Kumar for the Assessment Year 2020-21.

13. In what circumstances is the income of one person treated as the income of another ?

14. The following details have been supplied by Mr. X, Karta of HUF. Compute the total income and tax liability of the HUF for the Assessment Year 2020-21 :

1. Short term capital gain	Rs. 7,500
2. Long term capital gain	Rs. 7,400
3. Profit from business	Rs. 4,20,000
4. Profit from firm	Rs. 22,000
5. Rental income from property let	Rs. 18,000
6. House tax on above property	Rs. 2,000
7. Interest on securities of a listed company (Net)	Rs. 9,000
8. Contribution to LIC premium in the name of a member of the family	Rs. 10,000
9. Medical premium paid in cash	Rs. 5,000

(4 × 3 = 12 weightage)

### Part C

*Answer any two questions.  
Each question carries 5 weightage.*

15. What is Tax Planning ? Explain the need and limitations of Tax Planning.
16. What is Return ? Explain the different Types of Return.
17. From the following particulars of Miss Minal Bhatnagar calculate her total income and tax liability for the Assessment Year 2020-21 :

• Net Salary	Rs. 6,68,000
• Business income	Rs. 1,83,000
• Royalty on CBSE books	Rs. 66,000
• Rent from house Property	Rs. 36,000
• Dividend from Indian company	Rs. 28,500
• Bank interest on time deposit	Rs. 16,600
• Income of minor child	Rs. 15,500
• Long term capital gain	Rs. 28,000
• Contribution to PPF	Rs. 40,000
• Life insurance premium paid	Rs. 26,000
• Medical insurance premium paid in cheque	Rs. 32,000
• Donation to national defense fund by cheque	Rs. 10,000

**Turn over**

18. Mr. Vineeth is a cloth merchant. From the following P&L A/c for the year ended 31st March, 2020 compute his income from business and his gross total income for the Assessment Year 2020-21 :

Particulars	Amount	Particulars	Amount
Salaries and Wages	15,000	Gross profit	2,70,000
Rent and Taxes	4,000	Dividend on shares (Gross)	4,000
Domestic expenses	2,000	Rent from let out house	10,000
TDS on interest	500		
Income tax	1,200		
Postal charges	1,500		
Donation	2,500		
Life insurance premium	2,000		
Audit fees	1,500		
Bad debts reserve	1,800		
Bad debts	2,500		
Depreciation	5,000		
Net profit	2,44,500		
	2,84,000		2,84,000

Additional information :

- Rent and Taxes include Rs. 2,000 paid as municipal tax on house let out.
- Value of Life insurance policy is Rs. 18, 000.
- Donation was given to an approved institution.
- Permissible depreciation was Rs. 4,000.

(2 × 5 = 10 weightage)

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NOVEMBER 2020**

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M.Com.

**MCM 3C 12—INCOME TAX LAW, PRACTICE AND TAX PLANNING—I**

(2019 Admissions)

Time : Three Hours

Maximum : 30 Weightage

**Section A**

*Answer at least three questions.*

*Each question carries 2 weightage.*

*All questions can be attended.*

*Overall Ceiling 6.*

1. What is Casual Income ?
2. Who is Deemed Assessee ?
3. What is Statutory Provident Fund ?
4. Define Annual Value.
5. What is Tax Planning ?
6. What is Long term capital asset ?
7. What is Regular Assessment ?

(3 × 2 = 6 weightage)

**Section B**

*Answer at least three questions.*

*Each question carries 4 weightage.*

*All questions can be attended.*

*Overall Ceiling 12.*

8. Explain the need for Tax Planning.
9. What are the differences between Tax planning and Tax Evasion ?
10. Explain the powers of CBDT.

**Turn over**

11. From the following particulars supplied by Mr. Sridhar, Karta of HUF, compute its total income for the Assessment Year 2020-21.

Profit from family business Rs. 3,38,000.

Ravi, a member of the family received salary for his service in a college Rs. 1,20,000.

Salary to Raju, another member of the family for his service in the family business (Assessing Officer considers Rs. 80,000 as reasonable) Rs. 82,000.

Directors fees received by Karta Rs. 2,500.

Interest on Govt. Securities Rs. 12,000.

Annual rent from house property let out Rs. 30,000.

Municipal Taxes Paid on Let out Rs. 3,000.

Religious expenses Rs. 5,000

Donation to Channabasava Swamy Temple (approved) Rs. 40,000 by cheque.

12. Following are the particulars of income of Shri. Nareshsharma for the Previous Year 2019-20.

1. Profit from business in England received in India Rs. 12,000

2. Income from house property in Pakistan received in India Rs. 2,000

3. Income from house property in Bangladesh deposited in a bank there Rs. 4,000.

4. Profit from business in Indonesia deposited in a bank there, this business is controlled in India Rs. 5,000.

5. Income accrued in Bhopal but received in Singapore Rs. 6,000.

6. Profit from business in India Rs. 15,000.

7. Past untaxed foreign income brought into India during the P.Y. Rs. 20,000.

From the above particulars, compute GTI of Shri. Nareshsharma for the A.Y. 2020-21, if he is (a) Resident, (b) Non-Ordinarily Resident, and (c) Non - resident.

13. The following are the particulars of income of Mr. Ramesh for the Previous Year ended on 31<sup>st</sup> March, 2020 :

Salary Rs. 45,000

Bonus to equal to two month's pay

Dog allowance Rs. 750.

Special allowance Rs. 600 p.m.

Employee's contribution to a RPF @ 15% of salary

Employer's contribution to the fund @ 15% of the salary

Interest credited to the provident fund @ 9.5% p.a. is Rs. 28,000

He is provided with free lunch in the office. The cost per meal is Rs. 30.

The employer has given him a small car which he uses his personal and official purposes. He meets the expenses for the personal purposes from out of his pocket.

Compute the income from salaries of Mr. Ramesh for the Assessment Year 2020-21.

14. From the following information compute tax payable by an individual for the Assessment Year 2020-21 :

1. Total income computed Rs. 3,00,00,000
2. Total income includes :
  - (a) Short term capital gains u/s 111A 30,00,000
  - (b) Long term capital gains u/s 112A 20,00,000.

(3 × 4 = 12 weightage)

### Section C

*Answer at least two questions.*

*Each question carries 6 weightage.*

*All questions can be attended.*

*Overall Ceiling 12.*

15. Discuss the powers of Income Tax Authorities.
16. What is Assessment ? Explain the different types of Assessment.
17. Shri. Anandilal Metha's total income was computed for the Assessment Year 2020-21 is Rs. 6,07,000 from the following information :

1. Taxable income from House Properties (No TDS)	Rs. 5,16,000
2. Taxable income from Business :	
(a) Loss from General Business      32,000	
(b) Loss from Speculation Business 17,000	(—) 32,000
3. Capital Gains (LTCG)	Rs. 37,500
4. Agricultural Income	Rs. 12,500
5. Income from Other Sources :	
(i) Gross winning from Lottery	Rs. 50,000
(ii) Taxable interest on Govt. Securities	Rs. 40,000

**Turn over**



18. Compute income from salary of Shri. Yashwant for the Previous Year ending 31 st March, 2020 from the following details :

- (i) Salary Rs. 27,500 per month and DA 60% of salary.
- (ii) The employer provided him a small motor car for official and personal use. Expenses are borne by the employer. This facility is provided him from 1<sup>st</sup> August, 2019. Prior he used the car for commuting between residence and office and official work.
- (iii) Unfurnished rent free house at Bhopal fair rent Rs. 36,000 annually and the employer is owner.
- (iv) He contributes to R.P.F. 15%. The employer contribution is also 15%, Rs. 5,600 credited as interest to the fund at the rate of 14%.
- (v) The employer provided him free telephone facility at his residence and bills paid by the employer during the previous year is Rs. 3,600.
- (vi) He is provided free meal ; such a facility is given for 248 days during the previous year. The cost per meal is Rs. 65.
- (vii) Free use of health club facility provided by the company and asst of such facility is Rs. 600 P.M . This facility is available for each employee of the company.
- (viii) The employer deducted Rs. 15,000 as income tax and Rs. 2,500 as professional tax from his salary.

(2 × 6 = 12 weightage)