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Reg. No.....

Name.....



M.Com. DEGREE (C.S.S.) EXAMINATION, MAY 2018

Fourth Semester

Faculty of Commerce

Branch : Elective—Finance

DT 04C 17—DIRECT TAXES ASSESSMENT AND PROCEDURE

(2012 Admission onwards)

[Common for all Electives]

Time : Three Hours

Maximum Weight : 30

Section A

Answer any five questions.

Weight 1 each.

1. What is tax evasion ?
2. What do you mean by belated return of income.
3. Distinguish a HUF and a firm.
4. How is income of a firm assessed when sec 184 is not complied with.
5. Who is an assessing officer u/s 2 (TA).
6. What are the objectives of conducting Income tax surveys.
7. What is unilateral relief ?
8. A Ltd has taken a building on lease. It has sub leased the building along with furniture to B Ltd and will receive the following amounts as consideration for the sub lease during the financial year 2016-17. Rent-4,80,000, furniture hire charges-40,000. Compute deduction of tax at source under Sec 194-1.

(5 × 1 = 5)

Section B

Answer any five questions.

Weight 2 each.

9. Explain special provisions relating to tax on distributed profits u/s 115-0.

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10. What do you mean by rectification of mistake.
11. Briefly explain provisions related to refund.
12. What are the powers of an Income Tax Authority in regard to survey covered by sec 133 A of the Income Tax Act.
13. Ram and sons a partnership firm is running a sweets shop and particulars of his income and expenditure for the previous year 2015-16 are follows :

Total receipts from sale of sweets	-	85,00,000
Total expenditure on purchase of all materials required to prepare sweets	-	56,50,000
Salary and wages paid to workers	-	15,60,000
Rent of shop, shed etc.	-	3,40,000
Depreciation	-	60,000
Interest and salary to working partner (paid as per sec 40 (b))	-	3,20,000

Compute firms total income u/s 44AD and total income if sec 44AD is not applied. Give necessary suggestions.

14. An individual resident of India has the following income during the previous year 2015-16.
- (1) Business income in India Rs. 4,50,000
- (2) Business income in foreign countries with which India does not have avoidance of double taxation agreement.
- (a) Country A Rs. 3,00,000 and tax levied in foreign country Rs. 75,000.
- (b) Country B loss Rs. 1,00,000.

Compute the amount of double taxation relief u/s 91 (1) and tax payable.

15. An HUF has estimated the following taxable income for the financial year 2016-17.

Income from house property	-	70,000
Income from business	-	5,40,000
Interest from fixed deposit	-	10,000

A member of the family is disabled. The family has spent Rs. 12,000 on his training and deposited Rs. 35,000 for his maintenance in an approval scheme of LIC. Determine the amount payable as advance tax on prescribed dates during the financial year 2016-17.



16. Compute tax payable by an AOP for the AY 2016-17

Personal Income of members :

X Ltd (Foreign Co.) - Rs. 2,50,000

A - Rs. 2,20,000, B - Rs. 1,25,000

Income of AOP and share of members :

	AOP	X Ltd	A	B
LTCG	: 1,00,000	40,000	30,000	30,000
Business Income	: 1,50,000	60,000	45,000	45,000

The share of members are determined.

(5 × 2 = 10)

Section C

Answer any **three** questions.

Weight 5 each.

17. How an employee can plan his salary structure that his tax liability is minimum.
18. What are the offences under income tax Act which shall attract prosecution ?
19. What are the rights and duties of assesses in case of search ?
20. Given below is the P and L A/C of ABC associates, a partnership firm for the year 2015-16.

Purchases	- 15,45,000	Sales	- 35,00,000
Direct and Indirect expenses	- 8,00,000	Interest on securities	- 45,000
Depreciation	- 2,00,000		
Interest to partners	- 2,00,000		
Salary to partners	- 6,60,000		
Net profit	- 1,40,000		
	<u>35,45,000</u>		<u>35,45,000</u>

Depreciation allowable as per Act 1,50,000. Purchases include cash payment of Rs. 1,50,000 A,B and C share profits in the ratio 4 : 3 : 3 C is a sleeping partner.

Interest to partners at 20% p.a. Salaries authorised by deed are paid to partners equally. Compute total Income if (1) Firm satisfies sec 184. (2) Firm does not satisfy sec 184.

21. The Karta of HUF furnishes the following particulars for the AY 2016-17.

Interest on securities (gross) (Not listed) Rs. 2,000,

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Interest on FD from bank	-	7,000
Income from house property	-	18,000
Profit from business	-	12,54,000
Long term capital gain	-	30,000

Family paid Rs. 12,000 for insurance premium on policies of its members and donation Rs. 6,000 in cash for charitable purpose. Compute tax liability

22. Following in the P and L A/C of RP Ltd as per Co's Act of an Indian company for the PY 2015-16 :

Raw material	-	15,00,000	Sales	-	60,00,000
Wages	-	25,00,000			
Advertisement	-	2,50,000			
Insurance	-	35,000			
Audit fees	-	80,000			
Depreciation	-	70,000			
Provision for ITax	-	50,000			
Provision for contingent liability	-	45,000			
Transfer to Reserve	-	1,00,000			
Proposed dividend	-	2,00,000			
Office Expenses	-	3,00,000			
Losses of subsidiary companies	-	2,00,000			
Legal charges	-	75,000			
Repairs to machinery	-	55,000			
To balance c/d	-	5,40,000			
		<u>60,00,000</u>			<u>60,00,000</u>

B/F losses and depreciation

	As per books of A/C	As per IT Act
B/F Business loss	2,00,000	2,50,000
Unabsorbed depreciation	1,00,000	2,00,000

Calculate Total Income Tax liability as per Act and MAT.

(3 × 5 = 15)

