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Reg. No.....

Name.....

**MASTER OF COMMERCE AND MANAGEMENT DEGREE (C.S.S.)
EXAMINATION, AUGUST 2022**

Fourth Semester

Faculty of Commerce

CM 010 402—INCOME TAX : ASSESSMENT AND PROCEDURE

(2020 Admissions—Regular)

Time : Three Hours

Maximum Weight : 30

Section A

Answer any eight questions.

Answer shall not exceed one page (Weight 1)

1. What is an annual return ? What is the time limit to file a belated return ?
2. Explain tax planning.
3. The estimated net profit of AX Ltd. For AY 2022-23 is Rs. 5,30,000. Find out their advance tax liability. Also specify the due dates and amount to be paid so as to avoid interest u/s 234C.
4. Write a note on exemption under section 11.
5. What are deductions claimed by firm ?
6. Explain the powers of Authorized Officers.
7. Write a short note on Tax Collection at Source.
8. Mr. Avinash is an employee of Info Ltd., Chennai. He receives basic salary of Rs. 65,000 p.m. He also receives DA (Forming part of retirement benefits) of Rs. 5000 p.m and House Rent allowance of Rs. 6000 p.m. He lives in a rented house paying a monthly rent of Rs. 6500. Find out his taxable salary for the year.
9. The book profits of a company in the previous year 2021-22 computed in accordance with section 115JB is Rs. 15 Lakhs. If the total income computed for the same period as per the provisions of the Income-tax Act, 1961 is Rs. 3 lakhs, calculate the tax payable by the company in the assessment year 2022-23 and also indicate whether the company is eligible for any tax credit.
10. X, an individual has got his books of accounts audited u/s 44AB. His total income for the year ended 31.03.2022 is Rs. 6 Lakhs. Can he furnish his return of income through a Tax Return Preparer ? Explain.

(8 × 1 = 8)

Turn over





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Section B

Answer any **six** questions.

Answer shall not exceed two pages (Weight 2)

11. Write a note on various situations when a return of income is considered defective.
12. Examine whether the Assessing Officer has the power to make any adjustment to income disclosed by the assessee in the return of income in course of processing the return under section 143(1).
13. X, Y and Z are three partners in a firm of lawyers having an equal share in profits. For the assessment year 2022-23 income of the firm from profession is Rs. 40,000 after paying salary of Rs. 72,000 to X and Rs. 48,000 to Y. The interest income of the firm is Rs. 60,000. The personal incomes of X, Y and Z are Rs. 1,98,000 ; Rs. 1,96,000 and Rs. 1,95,000 respectively. They have deposited a sum of Rs. 10,000 each in PPF. Determine the taxable income of the firm and its partners.
14. An Institution operating for promotion of education claiming exemption under section 11 since 1994 furnishes the following data for the assessment year 2022-23.

Fees collected from students	– Rs.14 Lakhs
Construction of new computer science lab	– Rs.2.5 Lakhs
Land acquired to be used as playground for students	– Rs. 1 Lakh
Amount earmarked and set apart for construction of library within next 4 years	– Rs.3 Lakhs

Compute the income of institution for AY 2022-23
15. P Co-operative Society furnishes following details of income, compute taxable income for the purpose of A.Y.2022-23 :

Income from collective disposal of labour	– Rs.25,000
Income from marketing of the agricultural produce grown by its member	– Rs.30,000
Income from marketing of the agricultural produce grown by outsider	– Rs.3,000
Dividend from another co-operative society	– Rs.15,000
Income from processing of agricultural produce of its member with aid of power	– Rs.50,000
16. State with relevant reasons whether return of income is to be filed in the following cases. Also mention the due dates for filing return of income.
 - (a) Mr.Y , aged 45 years , an employee of ABC (P) Ltd , draws a salary of Rs. 5,90,000 and has income from fixed deposits with bank Rs.10,000
 - (b) ABC, a partnership firm , has a loss of Rs. 10,000 for the previous year 2021-22
17. What is 'Self-assessment'? What are the consequences of non-payment of tax on self-assessment ?
18. Explain the computation of book profit of a Partnership firm.

(6 × 2 = 12)





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Section C*Answer any two questions.**Answer shall not exceed Five Pages (Weight 5)*

19. Specify with reason, whether the following acts can be considered as Tax planning or Tax management or Tax evasion.

- (i) Mr. P deposits Rs.1,00,000 in PPF account so as to reduce his total income from Rs.4,50,000 to Rs.350,000.
- (ii) SQL Ltd. maintains register of tax deduction at source effected by it to enable timely compliance.
- (iii) An individual tax payer making tax saver deposit of Rs.1,00,000 in a nationalised bank.
- (iv) A partnership firm obtaining declaration from lenders/depositors in Form No. 15G/15 H and forwarding the same to income-tax authorities.
- (v) A company installed an air-conditioner costing Rs.75,000 at the residence of a director as per terms of his appointment but treats it as fitted in quality control section in the factory. This is with the objective to treat it as plant for the purpose of computing depreciation.
- (vi) RR Ltd. issued a credit note for Rs.80,000 as brokerage payable to Mr.Ramana who is the son of the managing director of the company. The purpose is to increase the total income of Mr. Ramana from Rs.4,20,000 to Rs.5,00,000 and reduce the income of RR Ltd. correspondingly.
- (vii) A company remitted provident fund contribution of both its own contribution and employees' contribution on monthly basis before due date.

20. Write a note on taxability of trust explaining in detail the exemptions available to them and the conditions up on which these exemptions are granted.

21. A and Mrs.B, being members of an AOP with equal share, furnishes the following details, compute tax liability of AOP and members :

Profit and loss account for the year ended 31-3-2021

<i>Particulars</i>	<i>Amount</i>	<i>Particulars</i>	<i>Amount</i>
Bonus to employee	... 50,000	Gross Profit	... 6,96,000
Bonus to A	... 10,000	Interest on Drawings :	
Bonus to Mrs. B	... 40,000	Mr. A	... 16,000
Other Expenses		Mrs. B	... 8,000
Salary to :			
Mr. A	... 44,000		
Mrs. B	... 88,000		

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<i>Particulars</i>	<i>Amount</i>	<i>Particulars</i>	<i>Amount</i>
Interest on capital at 15%	... 88,000		
Mr. A	... 15,000		
Mrs. B	... 20,000		
Depreciation	... 30,000		
Donation to National Relief Fund	... 10,000		
Net profit	...4,13,000		
Total	7,20,000	Total	7,20,000

Additional information :

1. Depreciation for the year u/s 32 Rs. 20,000.
2. Other expenses include expenditure of Rs. 5,400, which is disallowed u/s 40A(2).
3. Other personal income of A and Mrs.B (in Rs) :

Item	Mr.A	Mrs. B
Interest Exempted u/s 10(15)	5000/-	20,000/-
Interest on loan	2,45,000/-	2,22,000/-

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

	Rs.
Profits from business after deducting remuneration and interest to partners ...	35,000
Interest earned on Fixed Deposits ...	10,000
Dividend on Investment ...	15,000
Remuneration to Partners (each) ...	75,000
Interest on Capital to Mr.X at 14% ...	20,000
Interest on Capital to Mr.Z at 10% ...	8,000
Unabsorbed depreciation ...	25,000
Brought Forward Business loss ...	20,000
Short term Capital gain on sale of land ...	25000

Compute total income of the Firm as well as the tax payable by it. Also compute the taxable income of Partners.

(2 × 5 = 10)

