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Reg. No.....

Name.....

M.Com. DEGREE (C.S.S.) EXAMINATION, APRIL 2025

Fourth Semester

Faculty of Commerce

CM 010 402—INCOME TAX-ASSESSMENT AND PROCEDURE

(2019 Admission onwards)

Time : Three Hours

Maximum Weight : 30

Section A

*Answer any **eight** questions.*

Each question carries a weight of 1.

*Each answer not to exceed **one** page.*

1. What is the difference between partner's salary and remuneration ?
2. Explain and illustrate the term 'Book Profit' in relation to the assessment firms.
3. Define widely-held company. How does it differ from the closely-held company ?
4. What is Section 80P of the Income Tax Act ?
5. Mention the exempted incomes u/s 11 of a wholly charitable.
6. What are the provisions regarding deduction of tax at source from the following incomes :
 - (a) Winnings from lottery ; and
 - (b) Payment of rent.
7. X, Y and Z are partners of a firm with equal partners. The Profit and Loss Account for the year ended 31st March, 2024 shows a net profit of Rs. 99,750 after deducting the following as per the deed :
 - i) Salaries of Rs. 20,000 and 15,000 to X and Y respectively.
 - ii) Bonus to Z Rs. 16,000.
 - iii) Rs. 5,000 for interest on capital to X calculated @ 20 %.

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- iv) Rs. 10,000 for rent of the business premises paid to Y.
- v) Commission of Rs. 6,000 to Z.

Compute Book Profit and the total income of the firm for the

Assessment Year 2024-25 assuming that it is a professional firm and all are working partners.

8. KLM Ltd. which is an Indian Company shows an income of Rs. 10,50,000 for the previous year ended 31st March, 2024. During the previous year it had donated Rs. 1,50,000 to the National Defiance Fund and Rs. 1,00,000 to the National Illness Assistance Fund by cheques. The income included a sum of Rs. 50,000 being dividend from another Indian company. The company distributed dividend to its shareholders on 25-9-2023 Rs. 1,50,000.
9. The income of a Co-operative Society for previous year is constituted as below :
 - i) Income from other business Rs. 50,000.
 - ii) Income from processing the agricultural produce of its members
(without the aid of power) Rs. 60,000.
 - iii) Income from fishing and allied activities Rs. 25,000.
 - iv) Income from house property (computed) Rs. 23,000.

Compute the total income of the Society and calculate the tax payable by it for the Assessment Year 2024-25.

10. Thanal Charitable Trust derives income from house property of Rs. 5,00,000 and by voluntary contribution of Rs. 3,50,000. The utilization of the amount as follows :
 - I) Charitable purposes outside India—Rs. 1,50,000.
 - II) Charitable purposes in India Rs. 3,80,000.

Compute the taxable income of the trust.

(8 × 1 = 8)

Section B

Answer any six questions.

Each question carries a weight of 2.

Each answer not to exceed two pages.

11. What are the factors that affect the tax planning ? Clearly interpret those factors.





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12. What is tax evasion ? Enlighten the causes of tax evasion and also interpret the measures to check the tax evasion.
13. Describe the powers of the Director General of income tax.
14. What do you understand by collection of taxes ? In this connection briefly describe the provisions of section 206C.
15. What is Income Tax Assessment ? Write about Best Judgment Assessment u/s 144.
16. From the following information compute the total income of the LLP and tax payable by it for the Assessment Year 2024-25 :
- i) Profit from an industrial undertaking Rs. 40,000.
 - ii) Profit from business of Poultry breeding Rs. 20,000.
 - iii) Short term capital gains Rs. 20,000.
 - iv) Long term capital gains Rs. 4,0,000.
 - v) Interest from bank Rs. 6,000.
 - vi) Loss from house property Rs. 12,000 on account of interest on loan taken to construct the property.
 - vii) Donation to approved Charitable Institution by cheque Rs.15,000.
17. From the following information compute the total income and tax liability of a Charitable institution for the Assessment Year 2024-25 :

	Rs. (in Lakh)
i) Income from property held for charitable purposes	: 10
ii) Voluntary donations for corpus of the trust	: 50
iii) Other voluntary donations	: 30
iv) Anonymous donations	: 25
v) Amount spent for Charitable purposes in India	: 20
vi) Set apart for use in future for Charitable purposes	: 4

(Conditions fulfilled)

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18. Pavan Ltd. an Indian Company computed a loss of Rs. 1,20,000 for the Assessment Year 2024-25. In arriving at the loss the following adjustments have been made :

- i) A speculation loss carried forward from Assessment year 2020-21 is set-off to the extent of Rs. 5,00,000.
- ii) A donation of Rs. 1,00,000 given to a political party by cheque.
- iii) Insurance premium paid to insure the gold and jewellery in stock against risk of fire and theft Rs. 3,000.
- vii) Advances made for purchase of gold the value of which has not been taken into account on the ground that purchase has not been effected in the previous year Rs. 16,00,000.

Compute the correct total income of the company.

(6 × 2 = 12)

Section C

Answer any two questions.

Each question carries 5 weight.

Each answer not to exceed five pages.

19. M/s Abilash and John is a firm of Chartered Accountants in which Abilash, John And Vinod are working partners, sharing profits and losses in the ratio of 2 : 1 : 1. The firm showed a net surplus of Rs. 57,000 in the year ended 31st March, 2024. Following items are found debited in the Income and Expenditure Account of the firm :

- i) Salary to John and Vinod Rs. 7,000 and Rs. 9,800 respectively.
- ii) Commission to Abilash Rs. 6,000 and Vinod Rs. 4,800.
- iii) Interest on capital @ 20 % : Abilash Rs. 6,000 and John Rs. 4,000.
- iv) Customs penalty paid Rs. 3,000.
- v) Rent Rs. 3,800 paid to John in respect of the house let-out by him to the firm.

Compute the total income of the firm for the Assessment Year 2024-25. The firm fulfils the condition of section 184.

20. National Traders Ltd. closes its account on 31st March every year. During 2023-24 it had the following incomes and expenses :

- a) Profit from business Rs. 2,00,000.
- b) Long-term capital gain on transfer of land Rs. 1,00,000.





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- c) Long-term capital gain on transfer of building Rs. 1,50,000.
- d) Short-term capital loss Rs. 60,000.
- e) Rent from house property Rs. 35,000.
- f) Municipal tax paid relating to house property Rs. 4,000.
- g) Dividend from an Indian company Rs. 10,000.
- h) Income from units of UTI Rs. 6,000.
- i) Dividend from a co-operative society Rs. 10,000.
- j) Income from royalty from a foreign company Rs. 1,00,000.

Calculate Total Income of the company for the Assessment Year 2024-25.

21. Kannur Multi-Purpose Co-operative Society has the following incomes for the year ended March 2024. Compute taxable income and net tax liability of the society for the Assessment Year 2024-2025 :

- i) Income from small-scale industry Rs. 1,45,000.
- ii) Income from credit facilities to its members Rs. 35,000.
- iii) Dividends received from other co-operative society Rs. 5,000.
- iv) Taxable income from letting godowns for storage and processing of commodities Rs. 7,500.
- v) Interest received on securities listed in stock exchange Rs. 4,500.
- vi) Interest on fixed deposits with Kerala Co-operative Bank Rs. 3,000.
- vii) Rent received from House property let-out for residential purpose Rs. 10,000.

Following expenses in connection with house property let-out debited to Profit and Loss Account of the industry :

- a) Repairs Rs. 1,5000 ;
- b) Municipal taxes paid Rs. 1,000 ;
- c) Rent collection charges Rs. 600 ;
- d) Fire Insurance premium paid Rs. 1,000. Society donated by cheque Rs. 10,000 to Kerala Government for charitable purpose.

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22. Write a brief note on :

- a) Specific powers of Income Tax Authorities.
- b) Explain PAN, TAN and TIN.
- c) Advantages and limitations of tax planning.
- d) Problems in Advance Payment of Tax.

(2 × 5 = 10)

