

18. A, B and C are equal partners. Calculate total income and tax liability of the firm? Profit from business after deducting the following amounts Rs. 1,81,000

Salary to A Rs. 9,000  
Interest paid for non-payment of GST Rs. 5,000  
Interest on capital @ 12%  
A Rs. 5,000  
B Rs. 4,000  
C Rs. 3,000  
Donation to approved institution by cheque Rs. 2,000  
Donation to Research Association for scientific Research (not debited to P/L) Rs. 10,000  
Other Incomes  
LTCG Rs. 20,000  
Interest on securities (gross) Rs. 29,000  
Income from HP (computed) Rs. 14,000  
Dividend from Indian companies Rs. 10,500

(2 × 5 = 10 Weightage)

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Name: .....

Reg. No: .....

FOURTH SEMESTER M.Com. DEGREE EXAMINATION, APRIL 2023

(CBCSS - PG)

(Regular/Supplementary/Improvement)

CC19P MCM4 C15 – INCOME TAX LAW, PRACTICE AND TAX PLANNING – II

(Commerce – Core Course)

(2019 Admission onwards)

Time: Three Hours

Maximum: 30 Weightage

**Part A**

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

1. Explain the concept of "Firm fulfils the condition of Sec 184 of Income tax Act" and "Firm that does not fulfil the condition of Sec 184 of Income tax Act"?
2. Explain the conditions for deducting Interest on securities and Income from HP from the GTI of society u/s 80 P?
3. Enumerate any 5 charitable trusts or funds whose income is fully exempt?
4. Explain company in which public are substantially interested?
5. Out of Rs.30,00,000 share capital of Rs.100 per share, the company reduces Rs. 3,00,000 share capital at Rs.10 per share. The profits of the company were Rs. 1,50,000 after payment of dividend distribution tax. Mr. Ram holds 500 shares of the company. Compute the amount of deemed dividend u/s 2 (22)(d)
6. Explain current repairs.
7. Explain quantum of deduction and period of deduction in respect of profits and gains of an undertaking or enterprise engaged in development of Special Economic Zone.

(4 × 2 = 8 Weightage)

**Part B**

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

8. Briefly explain the factors to be considered while taking a decision regarding whether the asset should be purchased or taken on lease.
9. Explain the conditions for deductions in respect of Profits and Gains of certain undertakings in North Eastern States?
10. Enumerate the differences between AOP and BOI?
11. Compute tax payable by an AOP for Assessment year 2021-22?

Personal income of members

X Ltd (a foreign company) Rs. 2,50,000

A Rs. 220000 B Rs. 1,25,000

(1)

Turn Over

Income of AOP and share of members

Particulars	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
Total	2,50,000	1,00,000	75,000	75,000

The share of members are determined

12. A public charitable trust derived a gross income of Rs 16 lakh which consisted of the following:

Income from property held under trust Rs. 8,00,000

Net income from business Rs. 50,000. Aggregate business receipt Rs. 3,00,000

Voluntary contribution Rs. 7,50,000

The trust applied Rs. 1160000 towards charitable purpose including repayment of loan taken for construction of orphan home Rs. 3,60,000

Determine the taxable income of trust?

13. Calculate the total income and tax liability of a Co-operative society?

The society is primarily engaged in the manufacturing of fruit products (cottage industry)

Income from manufacturing and marketing of fruit products Rs. 90,000

Interest on deposits with central co-operative society Rs. 26,000

Income from other business Rs. 58,000

Income from collective disposal of labour of members Rs. 26,000

Interest received on securities listed in stock exchange Rs. 19,000

LTCG Rs. 35,000

Rent received from house property Rs. 20,000

Income from lottery Rs. 22,000

Society donated to M.P Chief ministers Relief fund by cheque Rs. 27,000

Dividend from Indian companies(gross) Rs 18,000

14. Three companies raised the capital as under:

Particulars	Company A	Company B	Company C
Capital	2,00,000	1,60,000	40,000
Loans	-	40,000	1,60,000
Total Investment	2,00,000	2,00,000	2,00,000

Rate of interest on loan : 10%

Rate of return : 25%, 10%, 8%

Rate of tax : 26% including cess

Explain whose capital structure is the best and why?

(4 × 3 = 12 Weightage)

**Part C**

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

15. Briefly explain Tonnage Tax Scheme?

16. Define Trust? Explain the important terms used in trust and types of trust?

17. The P/L account of the company is as under. The provisions of 115JB apply to the company.

Particulars	Amount
Revenue from operations	30,00,000
Other Income	
Interest on government securities	25,000
Total revenue	30,25,000
Expenses	
Cost of materials consumed	-
Change in stock	-
Employee benefit expenses	
Depreciation and amortization expenses	1,50,000
Other expenses	
Expenses related to sales	23,20,000
Total expenses	24,70,000
Profit before tax	5,55,000
Income tax paid	1,00,000
Profit for the period	4,55,000
Surplus as per last balance sheet	-
Current year's profit	4,55,000
Total profit	4,55,000
less appropriations proposed dividend	2,50,000
Profit carried to Balance sheet	2,05,000

The company revalued its assets from Rs. 3,00,000 to Rs. 6,00,000 and provided depreciation on Rs. 6,00,000 @ 25%. The depreciation allowable under Income tax Act is Rs. 80,000

Brought forward loss as per books of account Rs. 2,00,000

Brought forward depreciation as per books of account Rs. 50,000

Brought forward unabsorbed depreciation Rs. 1,00,000

Calculate tax liability of the company?

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**Turn Over**