

17. "From Tax point of view it is always better to form a partnership firm and not a company." Do you agree with the statement? Justify your answer.

18. A, B and C are partners in a firm sharing profits in the ratio of 3: 2: 1. Firm's P & L A/c of the year ended 31st March, 2024 revealed a net profit of Rs. 1,50,00,000 after deduction of the following:

Salary to A Rs. 8,00,000.
Rent of building owned by A Rs. 60,000. Firm's office is situated in this building.
Commission paid to A, B and C Rs. 2,00,000, Rs.3,50,000 and Rs. 7,00,000 respectively.
Interest on capital @ 20% p.a. to A, B and C Rs. 1,50,000, Rs. 2,50,000 and Rs. 3,50,000 respectively.
Bonus paid to C Rs. 5,00,000.
Repairs and renewals of building of A Rs. 2,00,000; Firm is not responsible to repair the building.
Interest on loan given by C's wife out of her Stridhan Rs. 3,00,000.
Audit fee paid to A's son who is a Chartered Accountant Rs. 20,000.
Taxi hire paid to B Rs. 25,000. B runs taxi business independently. Firm took his taxi on hire for firm's business.
Firm donated Rs. 80,000 to approved institutions by cheques.
Firm's income of Rs. 1,50,00,000 includes Rs. 4,50,000 (net) interest received on Government securities.

Compute firm's total income and tax liability for the Assessment Year 2024-25.

(2 × 5 = 10 Weightage)

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(Pages: 4)

Name:

Reg. No.....

FOURTH SEMESTER M.Com. DEGREE EXAMINATION, APRIL 2025

(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. What are the conditions as per Sec. 184 in case of Assessment of Firm?
2. List out the difference between AOP and BOI.
3. What is Absolute Trust?
4. Who is a Principal Officer in a Company?
5. Explain the tax planning provisions in respect of Hotels.
6. Explain qualified ship for tonnage Tax.
7. Define Amalgamation as per Income Tax Act, 1961.

(4 × 2 = 8 Weightage)

Part B

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

8. How the share of a member of AOP in the income of AOP is computed?
9. What is the difference between AMT and MAT?
10. Explain the tax incentives to Amalgamated Company.
11. A, B and C are partners of a firm with equal shares. The Profit and Loss Account for the year ended 31.3.2024 shows a net profit of Rs. 99,750 after debiting the following as per deed:

Salaries of Rs. 20,000 and 15,000 to A and B respectively.

Bonus to C Rs. 15,000.

Rs. 5,000 for interest on capital to 'A' calculated @ 20%.

Rs. 10,000 for rent of the business premises paid to 'B'.

Commission of Rs.5,000 to 'C'

Compute book profit and the total income of the firm for the Assessment Year 24-25 assuming that it is a professional firm and all are working partners.

12. A.R.G. College Co-Operative society Davanagere had the following incomes during the year ended

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31.3.2024:

Income from college canteen Rs. 20,000.
Income from merchandise business Rs. 55,000.
Income from credit facilities given to members. Rs. 9,000.
Interest on Government securities Rs.25,000.
Interest on debentures (gross) Rs. 10,000.
Taxable Income from House Property Rs. 12,000.
Dividend (gross) on shares held in another co-operative society Rs. 5,000.

Determine the gross total income and the total income of the society for the Assessment Year 2024-25.

13. During the Previous Year 2023-24, a charitable trust received income of Rs. 6,00,000 from property held for charitable purpose and Rs.2,00,000 from voluntary contributions.

The trust utilised the amount during the Previous Year 2023-24 as under:

Spent for charitable purpose in India Rs.1,90,000
Spent for charitable purpose outside India Rs.30,000
Spent on addition to hospital building for charitable purposes Rs.3,00,000
Income tax paid for the Assessment Year 2022-23 Rs. 20,000
The trust has not applied for the option under explanation to section 11(1).

Compute the taxable income of the trust.

14. From the following information compute the tax payable by a tonnage tax company for the Assessment, Year 2024-25:

- The company has two qualifying ships. The net tonnage of ship I is 27,749-tons 400 kg. and ship II 16,750-tons 500 kg.
- Ship I run for 365 days during the previous year and ship II for 150 days during the previous year.
- Turnover of core activities Rs. 20 crores.
- Profit from incidental activities Rs. 5.5 lakh.

(4 × 3 = 12 Weightage)

(2)

Part C

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

15. X Ltd. a domestic company, has two businesses A and B. For the last two years business A has been running at a loss wiping out the entire profits of business B. At the end of the financial year 2023-24 there are brought forward losses of Rs. 8,00,000 and unabsorbed depreciation Rs. 5,00,000.

In the financial year 2024-25 onwards it is expected that business B will earn a profit of Rs.5,00,000 annually and if business A is continued at a minimum level there will be an annual loss of Rs. 1,00,000 and rate of tax will be 26%.

Please suggest to the management of the company:

- Whether business A should be continued or shut-down.
- If continued for how many years.

16. Ashok Ltd. disclosed the following profit in the Statement of Profit & Loss for the year ended 31st March, 2024:

Net Profit during the year Rs. 10,00,000. The investigation of accounts showed the following:

Opening and closing stocks were Rs. 5,70,000 and Rs. 9,50,000 respectively, which were valued at 5% below cost.
A claim is made for deduction of bonus of Rs. 1,20,000 payable to workers for the Previous Year 2022-23 in pursuance of Industrial Court Award dated 20th November, 2023. The same has not yet been charged against the profits.
The profits include Rs. 20,000 received as compensation for vacation of the premises of Sales Department. The assessee claims that it is not taxable.
The following expenses have been charged against the above net profit: <ul style="list-style-type: none"> Fine of Rs.11,000 paid for breach of customs regulations. Interest paid on borrowing for importing machinery from abroad Rs.10,000. The machine was not received during 2023-24. Rs. 500 paid to Chamber of Commerce as annual subscription. Income tax paid Rs. 10,000 for the Assessment Year 2023-24. Donation paid to a charitable institution Rs. 25,000 by cheque. This institution is approved under section 80G. The company paid Rs. 15,000 on account of underwriting commission for fresh issue of shares and Rs. 2,000 on account of brokerage for raising a loan from the bank. The company deposited Rs. 2,50,000 as advance tax.

From the above particulars compute the company's total income and net tax payable.

(3)

Turn Over