

D 31061

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Name.....

Reg. No.....

**THIRD SEMESTER M.Com. DEGREE (REGULAR/SUPPLEMENTARY)  
EXAMINATION, NOVEMBER 2022**

[November 2021 session for SDE/Private Students]

(CBCSS)

Master of Commerce

MCM 3C 12—INCOME TAX LAW, PRACTICE AND TAX PLANNING—I

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

**Part A**

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

1. What is Faceless Assessment ?
2. What is Best Judgment Assessment ?
3. What is Long Term Capital Assets ?
4. Define Casual Income.
5. What is Tax Avoidance ?
6. What is Jurisdictionless Assessment ?
7. What is Transferred Balance ?

(4 × 2 = 8 weightage)

**Part B**

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

8. Explain the powers of CBDT.
9. Write notes on Deduction U/S 80 IC ?
10. Explain tax treatment of Provident Fund.

**Turn over**

11. From the following information compute tax liability of a super senior citizen (keeping in view of provisions of AMT) for the A.Y. 2020-21 :

		Rs.
Pension	...	6,50,000
Royalty on books for college students	...	19,00,000
Expenses to earn royalty	...	1,00,000
Deposit in PPF	...	1,50,000
Donation to Prime Minister's National Relief Fund by Cheque	...	50,000

12. What is clubbing of income ? Explain the situations in which the provisions of clubbing of income are applicable.
13. The total income of a firm XYZ, the partners share profits and losses in the ratio of 1 : 2 : 3, was as per P and L A/c Rs. 1,31,800 for the Previous Year 2019-20. In computing total income of Rs. 1,31,800, the following have been debited to the P and L A/c :
- Salaries Rs. 1,30,000 and Rs. 1,20,000 to X And Y respectively.
- Interest on capital calculated @ 20 % of Rs.3,500, Rs. 14,000 and Rs. 10,500 to XY and Z respectively. Bonus to Z Rs. 15,000. Commission of Rs. 5,000, Rs. 12,500 and Rs. 17,500 to X,Y and Z.
- Z borrowed capital for his investment for his firm and had paid interest of Rs.7,500 separately to the lender.
- Compute the total income of the firm. All are working partners. The firm fulfills the conditions of Sec. 184.
14. What is Accelerated Assessment ? Explain the situations in which Accelerated Assessment is applicable.

(4 × 3 = 12 weightage)

### Part C

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

15. What is Assessment ? Explain in detail about different types of Assessment.
16. Explain the powers of Income Tax Authorities.

17. A domestic company in which public are substantially interested submits the following particulars of its income of the previous year ended March 31, 2020 :

- i) Profit of business after deduction of donation to approved charitable institution Rs. 1,90,000.
- ii) Donation to charitable institution by cheque Rs. 30,000.
- iii) Interest on Government Securities Rs. 10,000.
- iv) Dividend from a domestic company (Gross) Rs. 60,000.
- v) Long Term Capital Gain Rs. 50,000.
- vi) Book Profits u/s 115 JB Rs. 8,00,000.

During the Financial Year 2019-20 the company deposited. Rs. 15,000 in IDBI. The company distributed a gross dividend of Rs. 1,00,000 on 6/12/2019.

Compute the taxable income of the company and tax payable by it for the Assessment Year 2020-21.

18. Mr. O and M is a cloth merchant. From the following P and L A/C for the year ended 31/03/2020, compute his income from business and his gross total income for the Assessment Year 2020-21 :

Profit and Loss Account for the year ended 31/03/2020			
Trade Expenses	450	Gross Profit	2,70,000
Establishment Charges	2,200	Dividend on Shares	
Rent, Rates and Taxes	1,400	(Gross)	4,000
Discount and Allowances	200	Rent from let out house	10,000
Income Tax	700		
Interest	1,450		
Postage Charges	100		
Gifts and Presents for publicity	125		
Fire Insurance Premium	250		
Charities	375		
Donations	400		
Repairs and Renewals	250		
Audit fees	250		
Net Profit	2,32,850		
	2,84,000		2,84,000

Turn over

Other Information :

- a) Rent and Taxes include Rs. 2,000 paid as Municipal Tax on house let out.
- b) Value of Life Insurance Policy is Rs. 18,000.
- c) Donation was given to an approved institution.
- d) Permissible Depreciation was Rs. 4,000.

(2 × 5 = 10 weightage)