

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MCom DEGREE EXAMINATION DECEMBER 2023
(First Semester)

Common to Branches – COMMERCE & COMMERCE WITH COMPUTER APPLICATION
DIRECT TAXES

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(10 x 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	A person includes _____. a) Individual & HUF c) AOP/BOI, LA, Every AJP	K1	CO1
		b) Firm & Company d) All of the above		
2	2	Remuneration received by a partner of firm from such firm shall be taxable as _____. a) Salary Income c) Capital Gains	K1	CO2
		b) Profits and gains of business d) Income from other sources		
2	3	Share of profit of a partner in the firm is a) Exempted c) Deductible	K2	CO2
		b) Taxable d) Partly exempted		
3	4	AMT means _____. a) Alternate Minimum Tax c) Alternate Maximum Tax	K2	CO2
		b) Additional Minimum Tax d) Additional Maximum Tax		
3	5	XYZ LLP falls under which _____ category of person. a) Individual c) Company	K2	CO3
		b) Partnership firm d) Association of person		
4	6	LLP Stands for _____. a) Legal liability programme c) Legal limited process	K1	CO3
		b) Limited liability process d) Limited liability partnership		
4	7	Determining the tax liability is called a) Assessment c) enquiry	K2	CO4
		b) Scrutiny d) evaluation		
5	8	Best Judgement assessment may be classified in to _____. a) Two b) Three c) None d) Others	K2	CO4
5	9	PAN Comprises _____ numeric character. a) 8 b) 6 c) 10 d) 7	K1	CO5
5	10	Defective return is also called as _____. a) Completed return c) Incomplete return	K2	CO5
		b) revised return d) return of loss		

SECTION - B (35 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks

(5 x 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	The total income of an individual (45 years old) computed under the normal provisions of Income Tax Act is Rs. 10,00,000. However, the 'adjusted total income' of the individual [computed as per Section 115JC(2)] amounted to Rs.30,00,000. Calculate the Final Tax Liability of the individual for Assessment Year 2023-24.	K2	CO1
		(OR)		

Cont...

11. Cont...

	11.b.	<p>Compute the total income of Mr. Ram from the particulars given below:</p> <p>I. Interest on Securities (Gross) Rs. 27,000</p> <p>II. Rental value of a house Rs. 7,500 p. m. : Self-acquired but transferred to H.U.F. Comon pool, income from this house (Computed) is Rs. 25,200</p> <p>III. Share from firm in which he has 1/3 rd share ---- Rs.45,000 Commission received by his wife from such firm for acting as its selling agent. Rs.25,000</p>	K3	CO1																																																																																					
	12.a.	<p>Calculate the firms income under the head profits and gains for the assessment year 2023-24 from the information given below.</p> <p>Net profit as per P & L A/c (after debiting the following</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Salary</td> <td style="width: 20%;">to A</td> <td style="width: 30%; text-align: right;">1,20,000</td> </tr> <tr> <td></td> <td>to B</td> <td style="text-align: right;">1,60,000</td> </tr> <tr> <td>Commission</td> <td>to A</td> <td style="text-align: right;">1,40,000</td> </tr> <tr> <td>Interest on Capital @ 15%</td> <td></td> <td style="text-align: right;">1,20,000</td> </tr> <tr> <td></td> <td>to A</td> <td style="text-align: right;">30,000</td> </tr> <tr> <td></td> <td>to B</td> <td style="text-align: right;">15,000</td> </tr> </table> <p>The payments to partners A & B (who are working partners) have been made in accordance with partnership deed whose certified copy has been submitted along with return of income for the assessment year 2023-24. Also compute the individual income of partner A & B which is taxable under the head of Profits & Gains.</p>	Salary	to A	1,20,000		to B	1,60,000	Commission	to A	1,40,000	Interest on Capital @ 15%		1,20,000		to A	30,000		to B	15,000																																																																					
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2	12.b	<p>The following is the P & L account of an AOP of Mohan, Sohan and Ramesh :</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 10%; text-align: center;">Rs</th> <th style="width: 30%;"></th> <th style="width: 10%; text-align: center;">Rs</th> <th style="width: 10%; text-align: center;">Rs</th> </tr> </thead> <tbody> <tr> <td>To General Expenses</td> <td style="text-align: right;">10,000</td> <td>By Gross profit</td> <td></td> <td style="text-align: right;">52,000</td> </tr> <tr> <td>Bad debts</td> <td style="text-align: right;">1,000</td> <td>By Interest on securities (Gross)</td> <td></td> <td style="text-align: right;">6,000</td> </tr> <tr> <td>Establishment expenses</td> <td style="text-align: right;">6,000</td> <td>By Rent from property</td> <td></td> <td style="text-align: right;">9,000</td> </tr> <tr> <td>Municipal taxes (for property Let)</td> <td style="text-align: right;">250</td> <td>By Interest on drawings:</td> <td></td> <td></td> </tr> <tr> <td>Salary to Sohan</td> <td style="text-align: right;">6,000</td> <td style="padding-left: 20px;">Mohan</td> <td style="text-align: right;">1,000</td> <td></td> </tr> <tr> <td>Commission to Ramesh</td> <td style="text-align: right;">6,000</td> <td style="padding-left: 20px;">Sohan</td> <td style="text-align: right;">1,500</td> <td></td> </tr> <tr> <td>Interest on capital:</td> <td></td> <td style="padding-left: 20px;">Ramesh</td> <td style="text-align: right;">2,000</td> <td style="text-align: right;">4,500</td> </tr> <tr> <td style="padding-left: 20px;">Mohan</td> <td style="text-align: right;">4,000</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Sohan</td> <td style="text-align: right;">4,500</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Ramesh</td> <td style="text-align: right;">5,000</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">2,400</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Bad debts reserve</td> <td style="text-align: right;">1,000</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Net profit: Mohan</td> <td style="text-align: right;">10,140</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Sohan</td> <td style="text-align: right;">10,140</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Ramesh</td> <td style="text-align: right;">5,070</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">71,500</td> <td></td> <td></td> <td style="text-align: right;">71,500</td> </tr> </tbody> </table> <p>Partners are sharing the profit and loss in the ratio of 2:2:1 respectively. Calculate the total income of the AOP an allocate it amongst its members.</p>		Rs		Rs	Rs	To General Expenses	10,000	By Gross profit		52,000	Bad debts	1,000	By Interest on securities (Gross)		6,000	Establishment expenses	6,000	By Rent from property		9,000	Municipal taxes (for property Let)	250	By Interest on drawings:			Salary to Sohan	6,000	Mohan	1,000		Commission to Ramesh	6,000	Sohan	1,500		Interest on capital:		Ramesh	2,000	4,500	Mohan	4,000				Sohan	4,500				Ramesh	5,000				Depreciation	2,400				Bad debts reserve	1,000				Net profit: Mohan	10,140				Sohan	10,140				Ramesh	5,070					71,500			71,500	K4	CO2
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3	13.a.	<p>The total income of XYZ Ltd., a domestic company, computed under the normal provisions on income tax act is Rs.2,50,000. However, the Book profits of the company (calculated as per section115JB) amount to Rs.8,15,000. Calculate the tax liability of company for Assessment year 2023-24, on the assumption that the total turnover of the company for the previous year2020-21 did not exceed Rs.250 crores.</p>	K4	CO3																																																																																					
		(OR)																																																																																							

13. Cont...

		Ashwani Company Pvt. Ltd. furnish the following information: Interest on securities (computed) 10,000 Income from house property (computed) 20,000 (a) Textile manufacturing Profit as per Statement of Profit and Loss before depreciation 2,00,000 Depreciation 95,000 (b) Hosiery manufacturing Profit as per Statement of Profit and Loss before depreciation 75,000 Depreciation 18,000 Agency business loss brought forward from 2022-2023 15,000 Income from other sources 25,000 Compute the total income and tax liability under MAT to the assessment year 2023-2024.		
	13.b.		K4	CO3
4	14.a.	What is best judgment? What are the circumstances under which it can be made? Explain the remedies available to the aggrieved party in such case.	K5	CO4
		(OR)		
	14.b.	Formulate the steps are followed for making enquiry before assessment.	K6	CO4
	15.a.	Explain the importance of PAN.	K5	CO5
		(OR)		
5	15.b.	Explain the provisions regarding the filling of return of income voluntarily.	K5	CO5

SECTION -C (30 Marks)

Answer ANY THREE questions

ALL questions carry EQUAL Marks

(3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	The following are particulars of the Income of the GND University teacher during the year ending 31 st March 2023. a. Salary Rs. 37,400 p.m. plus Rs. 9,000 p.m. as grade pay from which 10 per cent is deducted for statutory provident fund to which the University contributes 12 per cent. b. Rent-free bungalow of the annual letting value of Rs. 18,000. c. Wardenship allowance Rs. 2,000 p.m. d. 12% interest on Government Loan of Rs. 65,000. e. Income from house property (computed) Rs. 29,500. f. He received Rs. 3,500 for writing articles in a journal. g. He paid Rs. 2,000 (by cheque) to G.I.C. under mediclaim. h. Interest on postal saving bank deposit Rs. 6,500. i. Interest (gross) Rs. 2,500. j. Examinership remuneration Rs. 3,500. k. During the year, he sold his plot and earned a long term capital gains of Rs. 40,000. During the year he paid Rs. 14,000 as life insurance premium on his own policies and spent Rs. 600 on books purchased for his own use. Find out his Total Income, tax and exempted income. Population of Amritsar is 12 lakhs. He does not want to opt for slab rates of tax given u/s 115BAC.	K5	CO1

Cont...

2	17	Savir and Subhi are partners in a firm assessed u/s 184 of Income tax Act, 1961.	K4	CO2																																
		PROFIT AND Loss A/C For the year ending 31-3-2023																																		
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Additional Information:																																				
i. Salary and interest to partners have been paid as per deed.																																				
ii. General expenses include Rs. 40,000 as cost of computer installed in August 2020.																																				
iii. Rent from house property includes rent of vacant plot of firm leased out @ Rs. 2,000 p.m																																				
iv. Jewellery had been given to firm by surbhi as her capital contribution.																																				
Examine (A) Total Income and Tax Liability of Firm (B) Business Income of partners.																																				
3	18	Prakash Traders Limited as a company in which the public are substantially interested. It closes its accounts on 31 st March every year. During the current year, it has derived the following income: a) Profit from manufacturing unit at Lucknow Rs. 3,20,000. b) Profit from trading activities at Lucknow Rs. 1,00,000. c) Interest on debentures issued by another company which is a domestic company producing cement Rs. 25,000 (gross). d) Dividend from a foreign company Rs. 10,000. e) Profit from an approved hotel started in February 2001 at Kanpur Rs. 2,10,500. Capital employed being Rs.15,00,000 and Normal depreciations Rs. 60,000 has not been charged in the calculation of above profit. The company based on a certain formula for manufacturing tiles to another company in Uganda and received royalty therefrom Rs. 2,10,000. f) Brought forward unabsorbed depreciation Rs. 39,000 g) Book profits as per section. 115 JB = Rs.25,00,000. You are required to Evaluate total income and tax of the company.	K5	CO3																																
4	19	Classify the types of assessment.	K3	CO4																																
5	20	Explain the modes of E-filing.	K5	CO5																																