

**PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)**

**MCom DEGREE EXAMINATION DECEMBER 2024
(First Semester)**

Common to Branches – **COMMERCE & COMMERCE WITH COMPUTER APPLICATIONS**

DIRECT TAXES

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer **ALL** questions

ALL questions carry EQUAL marks

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	Under which head is income from salary taxable? a) Income from Other Sources b) Income from Capital Gains c) Income from Salary d) Profits and Gains of Business or Profession	K1	CO1
	2	Which of the following is an example of tax planning for salaried individuals? a) Investing in Section 80C deductions b) Not filing tax returns c) Hiding income d) None of the above	K2	CO1
2	3	Which tax is applicable to firms even when no income tax is payable on normal income? a) Minimum Alternate Tax b) Alternate Minimum Tax c) Corporate Tax d) Wealth Tax	K1	CO1
	4	How is the income of an AOP computed? a) As per the individual share of each member b) As a whole, as per general provisions c) Based on each member's income d) None of the above	K2	CO1
3	5	What is the applicable rate of MAT on book profits for companies? a) 15% b) 10% c) 7.5% d) 20%	K1	CO1
	6	In an LLP, income tax is payable on which basis? a) Profit-sharing ratio b) Individual income of partners c) LLP's total income d) Capital gains	K2	CO2
4	7	What is meant by faceless assessment? a) Physical presence is required b) Assessment without face-to-face interaction c) Direct enquiry d) Assessment without filing return	K1	CO2
	8	What is reassessment under the Income Tax Act? a) Filing a return after due date b) Reopening an assessment for escaped income c) Filing the original return d) Filing a return before due date	K2	CO2
5	9	Which of the following returns can be filed after the due date? a) Revised return b) Belated return c) Loss return d) Non revised return	K1	CO2
	10	What is a defective return? a) A return filed without proper details b) A return filed on time c) A return with correct information d) A return for losses	K2	CO2

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SECTION - B (35 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks

(5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	If the income of the individual is as follows Find the tax liability i) Income - Rs.45 lakhs ii) Income - Rs 1 crore iii) Income - Rs.2.5 crores	K4	CO4
		(OR)		
	11.b.	Calculate the total income and find out the tax liability of Mrs. Meena in the following cases of PY a) She is a resident women and below 60 yrs b) She is a resident women and above 60 yrs Ms. Meena has income Rs . 9,00,000 (ie Long term capital gain: Rs.50,000 , Pension before standard Deduction: Rs.3,60,000 and interest on Tamilnadu Government Securities Rs.4,90,000) She pays Rs.5000 as insurance premium annually.		
2	12.a.	XYZ is a partnership firm assessed as AOP with X , Y & Z as partners sharing profits and losses equally. Z being the wife of X , carries on the business of commission agent . For the previous year ended 31st March , 2024 the Profit and Loss account of the firm discloses a net profit of Rs.2,50,000. The following particulars and information are available on examination of the books and records 1) Z became a partner by investing capital from her own resources, her husband having contributed no part of it directly or indirectly. She is very actively engaged in business. 2) Salary of Rs .6000 was paid to Y . 3) Interest of Rs.2400 & 2000 was paid to X & Y on their respective capitals. 4) Z's godown was rented by the firm for which rent of Rs.3000 was paid to her. 5) Tax of Rs.10,000 paid during the year by the firm on a resident principal's account for whom it was treated as agent was written off as it become irrecoverable. The firm claims it as an item of expenditure or as a bad debt . The amounts noted in 1,3,4 & 5 are debited to P& L a/c . X has Rs.70,000 as his individual income .Y has computed income of Rs.40,000 from house property. Z 's only other source of income is godown letout to the firm. Assessable income is Rs.2,00,000 Determine: A) The total income of AOP B) Allocation of profit among partners C) The total income of each partner and tax payable by them.	K4	CO4
		(OR)		

Q.no.12 Cont...

2	12.b.	A and B are two partners of a partnership which is assessed as AOP. Profit and Loss account of AOP for the year ending 31 st March 2024 is as follows				K4	CO4																																																
		<table><tr><th>Particulars</th><th>₹</th><th>Particulars</th><th>₹</th></tr><tr><td>To Cost of Sales</td><td>2,00,000</td><td>By Sales</td><td>6,00,000</td></tr><tr><td>To Interest on Capital to Partners</td><td></td><td>By Interest recovered from partners on Drawings</td><td></td></tr><tr><td> A</td><td>10,000</td><td> A</td><td></td></tr><tr><td> B</td><td>20,000</td><td> B</td><td></td></tr><tr><td>To Salary to Partners</td><td></td><td></td><td>6,000</td></tr><tr><td> A</td><td>95,000</td><td></td><td>4,000</td></tr><tr><td> B</td><td>50,000</td><td></td><td></td></tr><tr><td>To Other expenses</td><td>60,000</td><td></td><td></td></tr><tr><td>To Net Profit</td><td>1,75,000</td><td></td><td></td></tr><tr><td></td><td>6,10,000</td><td></td><td>6,10,000</td></tr><tr><td></td><td></td><td></td><td></td></tr></table>						Particulars	₹	Particulars	₹	To Cost of Sales	2,00,000	By Sales	6,00,000	To Interest on Capital to Partners		By Interest recovered from partners on Drawings		A	10,000	A		B	20,000	B		To Salary to Partners			6,000	A	95,000		4,000	B	50,000			To Other expenses	60,000			To Net Profit	1,75,000				6,10,000		6,10,000				
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<u>Situation 1:</u> The profit sharing ratio of A & B is 3:2. Other income of members is as follows: a) House Property income (Computed) – Rs.50,000 b) Bank Interest – Rs. 2,60,000																																																							
<u>Situation 2:</u> One of the members, A, is a foreign company and the profit sharing ratio is 3:2. Other income of the members are: A Ltd – 90,000 B - 3,00,000																																																							
<u>Situation 3:</u> The shares of members is unknown. One of the members, A, is a foreign company. Other income of members is as follows: A Ltd - 90,000 B Ltd - 3,50,000																																																							
3	13.a.	Ashwani pvt ltd , furnishes the following information Interest on securities (computed) - 10,000 Income from house property (computed) - 20,000 a) Textile Manufacturing: Profit as per P& L A/C before depreciation - 2,00,000 Depreciation - 95000 b) Hosiery Manufacturing Profits as per P& L A/C depreciation - 75,000 Depreciation - 18,000 Agency business Loss b/f from 2020- 2021 - 15000 Income from other sources - 25000 Compute the total income for the assessment year 2024 - 2025				K5	CO1																																																
(OR)																																																							

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Q.no.13 Cont...

3	13.b.	The net profit of RK brothers a partnership firm, consisting of three partners carrying on business for the accounting year ended 31st March ,2024 was Rs.5,20,000. The said net profits were after charging Salary payable to all the partners amounting to Rs.1,08,000 but before crediting interest to partners accounts on their fixed capitals amounting to Rs.10,00,000 totally. The partnership deed provided for the payment of interest on fixed capital at 22 % p.a. The deed does not, however specify any salary entitled to partners On this information, you are required to compute the taxable income of the firm.	K5	CO1
4	14.a.	X Ltd. estimates its taxable income for the financial year 2023-24 to be ₹8,00,000. The company has already paid ₹50,000 in advance tax and ₹30,000 in TDS. Calculate the self-assessment tax payable.	K5	CO1
	14.b.	(OR) Mr. Z failed to file his income tax return. The Assessing Officer makes a best judgment assessment, determining an income of ₹10,00,000. If Mr. Z has no advance tax or TDS credit and the tax rate is 25%, what is the total tax liability under best judgment assessment?		
5	15.a.	Give a brief note about re- assessment.	K6	CO5
	15.b.	(OR) Draw short note on the features of defective return.		

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	Mr. Vijay has the following income for the PY 2023 - 2024 , compute his income and tax liability under old regime and alternative tax regime Particulars Rs Basic pay - 18,00,000 Education Allowances for his 2 sons (Rs 500 per month per child) - 12000 Hostel Expenditure allowance of Rs 2000 per child for 2 children - 48000 Tribal area allowance @ 1000 per month - 12000 Transport allowance for travelling between office and residence - 40,000 House rent allowance taxable (Total HRA is Rs.2,00,000 exempted amount is Rs.1,50,000) - 50,000 Income from house property self occupied house (loss) - (- 2,00,000) Interest on fixed deposit - 75000 Interest on savings bank account - 20,000 Employer's contribution to NPS @12% of basic 2,16,000 Employees contribution to NPS @12% of basic 2,16,000 Contribution to PPF 1,00,000 Investment in National Savings Certificates 1,00,000 Mediclaime perimium - Rs.15000 Interest on higher education loan paid - 35,000 Donation to NDF - 55000	K4	CO3

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2

17

Given below is the Profit and Loss account of the Western Mills Ltd., a domestic company in which the Public are substantially interested, for the year ended 31st March, 2024

Particulars	₹	Particulars	₹
To Stock (opening)	17,82,105	By Sales	61,90,327
To Cotton consumed	25,83,685	By Rent of staff quarters	25,362
To Manufacturing Expenses	9,45,395	By Stock(closing)	13,59,480
To Wages and Salaries	8,65,972		
To Marketing	61,215		
To Insurance	27,156		
To Establishment	2,79,762		
To Welfare Expenses	17,825		
To Net Profit	10,12,054		
	75,75,169		75,75,169
To Director's fees	2,500		
To Audit fees	2,500	By balance b/d	10,12,054
To Law charges	3,250	By transfer fees	1,500
To Interest	1,05,250		
To repairs to building and Machinery	14,640		
To General charges	25,875		
To Managing Agent's Remuneration	60,420		
To Donations	10,000		
To Contribution to Staff Provident Fund	20,000		
To Deb. Sinking fund	25,000		
To General Reserve	1,00,000		
To Taxation Reserve			
To Balance	3,00,000		
	3,44,119		
	10,13,554		10,13,554

K4

CO3

You are required to compute the company's taxable income from business for the previous year 2023-24 after taking into account the following information:

a) Welfare expenses include Rs. 825 the cost of Pucca well built for the use of company's workers.

b) Insurance Rs.1,000; Repairs Rs. 3,750 and Municipal taxes Rs. 2,150: included in general charges were in respect of staff quarters.

c) Law charges amounting to Rs. 1,500 were incurred in connection with additional land purchased during the year.

d) The staff Provident Fund is recognized.

e) The amount of depreciation allowance is Rs. 2,64,325.

f) The company has paid advance tax of Rs. 1,70,000.

3	18	A & B are active partners and C & D are sleeping partners in a PFAF. A profit & Loss A/C drawn, for the year ending 31-3-2024 shows a profit of Rs.25000. The profit has been arrived at after allowing salary and interest to partners as follows: <table border="1"> <thead> <tr> <th></th><th>A (₹)</th><th>B (₹)</th><th>C (₹)</th><th>D (₹)</th></tr> </thead> <tbody> <tr> <td>Salary</td><td>25,000</td><td>23,000</td><td>-</td><td>-</td></tr> <tr> <td>Interest @ 15%</td><td>2,000</td><td>4,000</td><td>6,000</td><td>3,000</td></tr> </tbody> </table> Further the long-term capital gains of the firm are Rs.40,000. Partners share the profit or loss equally. Compute the total income of the firm and its tax liability. Interest to all partners and salary to active partners has been paid as per deed What is the income if it is assessed u/s 185 also?		A (₹)	B (₹)	C (₹)	D (₹)	Salary	25,000	23,000	-	-	Interest @ 15%	2,000	4,000	6,000	3,000	K5	CO1
	A (₹)	B (₹)	C (₹)	D (₹)															
Salary	25,000	23,000	-	-															
Interest @ 15%	2,000	4,000	6,000	3,000															
4	19	Ramesh, a salaried individual, filed his income tax return for the assessment year 2023-24. However, the Assessing Officer (AO) suspected under-reporting of income. The AO issued a notice under Section 143(2) for scrutiny under Faceless Assessment and required Ramesh to provide additional information. Upon examination, the AO found that Ramesh had omitted certain rental income, and a discrepancy in claiming deductions was identified. The AO decided to proceed with the Best Judgment Assessment under Section 144. Details of Ramesh's Income and Deductions: - Salary Income: ₹ 12,00,000 - Declared Rental Income: ₹ 3,00,000 - Actual Rental Income: ₹ 4,50,000 - Deduction claimed under Section 80C: ₹ 1,50,000 (AO found ₹ 50,000 ineligible) - Interest Income (correctly declared): ₹ 50,000 Given these details: - Calculate the total income and tax liability that the AO would assess under Best Judgment Assessment. - Explain the role of Faceless Assessment and the process followed before the Best Judgment Assessment.	K6	CO5															
5	20	Illustrate in detail the procedure involved in the process of E-Filing.	K5	CO1															

Z-Z-Z

END