

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2025  
(Fourth Semester)

Branch – COMMERCE (COST & MANAGEMENT ACCOUNTING)

**DIRECT TAXATION - II**

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	What does HUF stand for? a) Hindu Undivided Family b) Hindu United Family c) Hindu Unique Family d) Hindu Universal Family	K1	CO1
	2	What happens to the tax liability of a Partnership Firm in case of dissolution? a) Liability ceases b) Liability transfers to partners c) Liability continues d) Liability reduces	K2	CO1
2	3	The assessment of liabilities in income tax is primarily based on: a) Gross income b) Taxable income c) Total revenue d) Future earnings	K1	CO2
	4	Which factor is most important in determining a taxpayer's income tax liability? a) Total earnings b) Taxable income after deductions c) Business revenue d) Future income potential	K2	CO2
3	5	What is E-Filing? a) Online b) Postal c) Hand-delivery d) No submission	K1	CO3
	6	When does a refund of tax occur? a) Reimbursement b) Penalty c) Payment d) Deduction	K2	CO3
4	7	Who is a Power Assessing Officer? a) Authority b) Taxpayer c) Consultant d) Clerk	K1	CO4
	8	Who mentions the valuation of inventories? a) Customer b) Supplier c) Employee d) Accountant	K2	CO4
5	9	What does the term 'securities' mention? a) Investments b) Liabilities c) Expenses d) Debts	K1	CO5
	10	Which type of support do government grants provide? a) Punishment b) Obligation c) Loan d) Financial	K2	CO5

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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.	<p>The following details of income have been supplied by karta of H.U.F. You are required to complete the total income and tax of H.U.F. It has deposited Rs. 10,000 in PPF.</p> <table><tr><td>Profit from business</td><td>2,62,000</td></tr><tr><td>Salary received by a member of H.U.F.</td><td>8,000</td></tr><tr><td>Director's fee received by Karta</td><td>6,000</td></tr><tr><td>Rental value of the property let</td><td>12,000</td></tr><tr><td>Municipal Taxes</td><td>600</td></tr><tr><td>Interest on a fixed deposit of Axis Bank</td><td>450</td></tr><tr><td>Long-term capital gains from the transfer of building</td><td>9,500</td></tr><tr><td>Long-term capital gains from the transfer of investments</td><td>10,000</td></tr><tr><td>Donation to a college which is an approved institution</td><td>4,000</td></tr><tr><td>Profit from an AOP (1/4<sup>th</sup> share)</td><td>10,000</td></tr></table>	Profit from business	2,62,000	Salary received by a member of H.U.F.	8,000	Director's fee received by Karta	6,000	Rental value of the property let	12,000	Municipal Taxes	600	Interest on a fixed deposit of Axis Bank	450	Long-term capital gains from the transfer of building	9,500	Long-term capital gains from the transfer of investments	10,000	Donation to a college which is an approved institution	4,000	Profit from an AOP (1/4 <sup>th</sup> share)	10,000	K2	C01
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	(OR)																							
11.b.	<p>The profits and loss Accounts of a firm in which the partners X, Y, Z share profit and losses in the ratio of 5:4:1 respectively discloses profit of Rs. 80,525 for accounting year ending 31<sup>st</sup> march 2024.</p> <table><tr><td>Debits</td><td>Rs.</td><td>Credits</td><td>Rs.</td></tr><tr><td>Donation to National Defense Fund</td><td>11,000</td><td>Capital gain on sale of scrap machinery</td><td>5,000</td></tr><tr><td>Salary to Partners X Rs. 15,000 Y Rs. 19,000 Z Rs. 22,000</td><td>56,000</td><td>Interest on debentures after deduction of tax at source Rs. 2,500</td><td>22,500</td></tr><tr><td>Commission to X</td><td>6,000</td><td>Interest on securities(gross)</td><td>3,500</td></tr><tr><td>Office Rent (Paid to Y)</td><td>12,000</td><td></td><td></td></tr></table> <p>Compute the total income of the firm for the assessment year 2023-2024. The firm has submitted certified copy of instruments of partnership along with return and it provides for payment of salary, commission to working partners X,Y and Z as per above.</p>	Debits	Rs.	Credits	Rs.	Donation to National Defense Fund	11,000	Capital gain on sale of scrap machinery	5,000	Salary to Partners X Rs. 15,000 Y Rs. 19,000 Z Rs. 22,000	56,000	Interest on debentures after deduction of tax at source Rs. 2,500	22,500	Commission to X	6,000	Interest on securities(gross)	3,500	Office Rent (Paid to Y)	12,000					
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Office Rent (Paid to Y)	12,000																							
2	12.a.	<p>XYZ Ltd. has the following financial details for the year 2024</p> <p>Net Profit (before tax): ₹10,00,000</p> <p>Depreciation as per books: ₹1,50,000</p> <p>Depreciation as per Income Tax Act: ₹2,00,000</p> <p>Disallowed Expenses: ₹50,000</p> <p>Corporate Tax Rate: 25%</p> <p>Health &amp; Education Cess: 4%</p> <p>Calculate the corporate tax liability of XYZ Ltd.</p>	K3	CO2																				
		(OR)																						
	12.b.	<p>Raj LTD. has the following financial details for the year 2024</p> <p>Net Profit as per P&amp;L Account: ₹18,00,000</p> <p>Add: Disallowed Expenses: ₹2,00,000</p> <p>Book Profit (as per Section 115JB): ₹20,00,000</p> <p>Normal Corporate Tax Rate: 25%</p> <p>MAT Rate: 15%</p> <p>Health &amp; Education Cess: 4%</p> <p>Calculate the Minimum Alternate Tax (MAT) liability of Raj LTD.</p>																						
3	13.a.	Explain the provisions relating to rectification of mistakes.	K3	CO3																				

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	(OR)			
	13.b.	Outline the Tax collection at Source (TCS).		
4	14.a.	Classify the powers of assessing officers with relevant explanations.	K4	CO4
	(OR)			
	14.b.	Describe the roles and functions of Income Tax authorities.		
5	15.a.	Enumerate the main accounting policies followed in Accounting Computation.	K4	CO5
	(OR)			
	15.b.	Describe the methods of valuation of inventories in ICDS.		

**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	<p>X is the Karta of a Hindu Undivided Family, Y and Z are his two major sons. From the Following particulars, compute the total income and tax H.U.F.</p> <p>i) The H.U.F. runs a business in cotton textiles. The net profit of the business was Rs.3,11,000 after charging Rs. 11,000 paid as salary to Y and Z for their help in running the business.</p> <p>ii) Profit and loss Account shows an entry of drawing of Rs. 20,000.</p> <p>iii) The assessee has failed to furnish satisfactory explanation regarding a deposit of Rs.20,000 in the name of X.</p> <p>iv) Remuneration received by Karta for acting as Director of a company in which H.U.F. holds shares worth Rs. 2Lakhs: 10,000.</p> <p>v) Interest on debentures received by H.U.F Rs.6,944, Tax deducted at source Rs.1,736(H.U.F did not submit PAN to deductor).</p> <p>vi) Sale proceeds of a shop acquired in 1998, sold on 31-12-2024 for Rs. 4,71,800 Fair market value on 1-4-2001 estimated to be Rs.1,20,000 selling expenses Rs.8,200. (C.I.I) for 2020-22 is 100 and for 2023-24 is 317)</p> <p>vii) H.U.F has paid Rs.12,000 as premium on the Life Insurance Policies of Y &amp; Z for Rs.2,00,000. Life Policies were taken in 2021.</p> <p>viii) One of his major sons is working as manager in a private Limited Company and is getting a salary of Rs. 60,000 p.a.</p> <p>ix) Deposited Rs.2,000 in PPF on the name of Z.</p>	K4	CO1
2	17	<p>Sogan Ltd. declared a total dividend of ₹50, 00,000 for the financial year 2024. The applicable Dividend Distribution Tax (DDT) rate is 15%, and a surcharge of 12% is applicable. Additionally, a health &amp; education cess of 4% is levied.</p> <p>Calculate the Dividend Distribution Tax (DDT) liability of Sogan Ltd.</p>	K4	CO2
3	18	Classify the steps involved in the E-Filing procedure and explain their importance.	K4	CO3
4	19	Explain the various types of returns and their significance in taxation.	K5	CO4
5	20	Explain the concepts of contingent assets and contingent liabilities with examples.	K5	CO5

Z-Z-Z

END