

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

MCom (CS) DEGREE EXAMINATION DECEMBER 2022  
(Third Semester)

Branch – CORPORATE SECRETARYSHIP

DIRECT TAXES – LAW & PRACTICES

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

1. When was income tax passed?  
(i) 1951                      (ii) 1961                      (iii) 1971                      (iv) 1981
2. Who can avail deduction from entertainment allowance?  
(i) Private employees                      (ii) Government employees  
(iii) Semi-Government employees                      (iv) All employees
3. What is the rate of depreciation on furniture ?  
(i) 10%                      (ii) 15%                      (iii) 20%                      (iv) 25%
4. Expand MAT.  
(i) Maximum Alterative Tax                      (ii) Minimum Alterative Tax  
(iii) Maximum Allowed Tax                      (iv) Maximum Alterative Treatment
5. Who prescribed the TDS rate?  
(i) Government                      (ii) Income Tax Department  
(iii) Employee                      (iv) Employer

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6 a How will you determine the residential status of a company? - Discuss.  
OR  
b Mr. Ramesh, an American national, comes to India for the first time in the last 20 years on 21<sup>th</sup> July 2020. On 29<sup>th</sup> January 2022 he leaves India for Africa. Identify his residential status for the assessment year 2022-23.
- 7 a Compute gross salary from the information given below:  
(i) Salary Rs.5000 p.m  
(ii) DA Rs.1000 p.m (50% enters in to service benefits)  
(iii) Advance salary for two months Rs,11000  
(iv) Employer contribution to RPF Rs,800 p.m.  
OR  
b Mr.Anbu owns a house in Delhi. He occupies 50% pf it own residence. During February and March 2022 he could not stay in his house. The remaining 50% portion has been let out at monthly rent of Rs.5000.From 1<sup>st</sup> January 2022 the rent was increased to Rs.6000 per month. The other details of the property are as follows:  
Municipal Rent (MRV)                      Rs.75000  
Fair Rental Value (FRV)                      Rs.80000  
Standard Rent (SR)                      NA  
Municipal tax for the house Rs.3000 (Rs.500 paid by tenant out of Rs.1500 for let out portion) Interest on loan for reconstruction is Rs.10500. The let out portion remained vacant in July 2021. Calculate income from house property.
- 8 a A firm paid Rs.25,000 for advertisement expenses in cash. Compute the inadmissible amount.

OR

Cont...

8 b From the following statement compute the business income.

	Rs
(i) Commission earned	8000
(ii) Sales	40000
(iii) Purchase	15000
(iv) Staff Salary	7000
(v) Purchased of typewriter	10000

9 a A partnership firm has a book profit of Rs.460000. Remuneration allowable to working partners as per partnership deed is Rs. 100000. Compute the allowable remuneration under Income Tax Act.

OR

b The total income of Space Ltd., a domestic company is Rs.225000 under normal provisions of Income Tax Act. But the book profits is Rs.1000000 during the pervious year 2021-22. Calculate the tax liability of the company. What would be the tax liability of the company if total income is Rs.700000?

10 a Describe the powers of Assessing Officer.

OR

b State the powers of various Income Tax Authorities.

**SECTION -C (30 Marks)**

Answer ALL questions

ALL questions carry EQUAL Marks (5 x 6 = 30)

11 a Construct the provisions relating to scope of total income.

OR

b Ms.Riya earned the following income during the financial year 2021-22. Ascertain her taxable income assuming that she is (a) Resident (b) Not ordinarily and (c) Non-Resident

i. Income from property in England received there	Rs. 60000
ii. Past untaxed income brought to India	Rs. 75000
iii. Dividend from Indian company	Rs. 50000
iv. Dividend from foreign company	Rs. 40000

12. a G, an employee of Madurai (Population 18 lakhs) based company provides the following particulars of his salary income.

- a) Basic salary Rs. 12000 p.m.
- b) Profit bonus Rs.12000
- c) Commission on turnover Rs. 42000
- d) EA Rs.2000 p.m
- e) Club facility Rs. 6,000
- f) Transport allowance Rs.1800 p.m
- g) Rent free house provided by employer, lease rent paid by employer Rs.6000 p.m
- h) Free education facility for 3 children of the employee (Bill issued in the name of employee) Rs.22500
- i) Gas, EB and water bill issued in the name of employee but by employer Rs.16800

Compute the income under the head salary.

OR

b Mr. Henry is the owner of four houses. One house is let to tenant for Rs.3000 p.a. The second house, the Municipal Valuation of which is Rs.4500 p.a. is in his own occupation. The third house remained vacant throughout the whole year as it was not in rentable condition. The fourth house, the Municipal valuation of which is Rs.60000 is used by Henry for his business.

His expenses in respect of these houses are as follows:	Rs.
Interest on loan taken to repair residential house	400
Fire Insurance premium for 1 <sup>st</sup> , 2 <sup>nd</sup> and 4 <sup>th</sup> houses	1410
Collection charges	350
Ground rent in respect of 2 <sup>nd</sup> house	200

The 1<sup>st</sup> house, which is let, remained vacant for 2 months. Calculate Henry's income from house property for assessment year 2022-2023.

Cont...

- 13 a From the following Profit and loss account, compute Kamal's business Income :

Particulars	Rs	Particulars	Rs
To Salary	35000	By Gross Profit	105000
To Rent	10000	By Interest on fixed deposit	5000
To Discount	5000	By Discount received	2000
To Postage	2000	By Profit on sale of car	20000
To Purchase of furniture	15000		
To Depreciation	5000		
To General reserve	10000		
To Wealth tax	2000		
To Net profit	48000		
<b>Total</b>	<b>132000</b>	<b>Total</b>	<b>132000</b>

Other information:

- i. Closing stock undervalued by Rs.10000
- ii. Expenses not debited in Profit and loss account Rs.3000
- iii. Salary of Rs. 35000 includes Rs.5000 withdrawn by Kamal.

OR

- b Dr. Siva is a medical practitioner. He gives you the following summary of cash book for the year ending 31.3.2022:

Receipts	Rs.	Payments	Rs.
To Balance b/f	10000	By Rent of clinic	18000
To Consultation fees	60000	By Purchase of medicine	38000
To Visiting fees	45000	By Staff salaries	24000
To Gift and presents	8000	By Surgical equipment	40000
To sale of medicine	42000	By Motor car expenses	8000
To Dividend from U. T. I	6000	By Purchase of Motor car	140000
To Life insurance maturity	100000	By Household expenses	7000
To Dividend from N.D.S	6000	By Balance c/d	2000
<b>Total</b>	<b>277000</b>	<b>Total</b>	<b>277000</b>

Other information:

- > 50% of the motor car expenses are incurred in connection with profession. Car was purchased in December 2021.
- > Household expenses include Rs.6800 insurance premium.
- > Gift and presents includes Rs.3000 from relatives.
- > Closing stock of medicine Rs.12000 and opening stock on 1-4-2021 was Rs.4000.

Compute the professional gain for the assessment year 2022-23.

- 14 a From the following profit & Loss A/c of a firm which satisfies all conditions of Section 184 and 40(b), calculate book profit and income from business for the previous year 2021-22.

Particulars	Rs.	Particulars	Rs.
To Interest on capital @15%		By Gross profit	65000
Raj	30000	By Net loss	
Sekar	15000	Raj	30000
To Salary		Sekar	25000
Raj	30000		
Sekar	20000		
To other expenses	25000		
	120000		120000

OR

- b From the following particulars, compute the total income of Z Ltd., an Indian company :

- i. Interest on securities Rs. 2000
- ii. Business income Rs.300000
- iii Interest on debentures of;

Indian paper Mills Ltd. Rs.50000

Another Indian Company Rs.20000

Compute total income of Z Ltd, it has distributed dividend of Rs.50000.

- 15 a Describe the powers of the central board of direct taxes.

OR

- b Differentiate tax deducted at source and tax collected at source.