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PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MCom DEGREE EXAMINATION MAY 2026
(First Semester)

Branch – **COMMERCE**

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	_______Income of a minor child from winning a lottery a) Taxable in child's hands b) Exempt c) Clubbed with parent's income but eligible for exemption of ₹1,500 u/s 10(32) d) Clubbed with parent's income fully (no exemption)	K1	CO1
	2	______ In a sole proprietorship, business profits. a) Taxed separately in firm's name b) Clubbed with proprietor's individual income c) Exempt up to ₹5,00,000 d) Not taxable	K2	CO1
2	3	_______Rate of Alternate Minimum Tax (AMT) applicable to partnership firms a) 18.5% b) 20% c) 25% d) 30%	K1	CO2
	4	______the term AOP stands a) Association of Partners b) Association of Persons c) Agreement of Partnership d) Alliance of Proprietors	K2	CO2
3	5	_________ is allowed as deduction While Computing Minimum Alternate Tax (MAT). a) Depreciation under Income-tax Act b) Dividend paid to shareholders c) Donations u/s 80G d) Brought forward losses	K1	CO3
	6	_______Limited Liability Partnership (LLP) is taxed. a) Partnership firm rate (30%) b) Maximum marginal rate c) Dividend distribution d) Corporate tax rate applicable to domestic Company	K2	CO3
4	7	_________which section provides for Best Judgment Assessment (BJA)? a) Section 144 b) Section 143 c) Section 139 d) Section 140A	K1	CO4
	8	_________Time limit to issue notice for reassessment under Section 148 is generally. a) 2 years b) 3 years c) 6 years d) 10 years	K2	CO4
5	9	PAN stands for __________ a) Personal Account Number b) Permanent Assessment Number c) Permanent Account Number d) Personal Assessment Number	K1	CO5
	10	_______under Return of loss under the Income Tax Act can be filed . a) Section 139(1) b) Section 139(3) c) Section 139(5) d) Section 139(9)	K2	CO5

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.	Taxable income of Mr.Rai aged 65 years is 19,00,000. He Claimed deduction 0f 3,00,000 u/s 80 QQB. Calculate his tax liability for the Assessment year 2024-2025 under old tax regime keeping in view the provisions of Alternate minimum tax	K1	CO1
		(OR)		
	11.b.	Compute the total income of Mr.Ravi from the particulars given below i) Interest on securities (Gross) Rs 27,000 ii) Rental value of a house Rs 7500 p.m :self acquired but transferred to HUF common pool. Income from this house (computed) is Rs 25,200 iii) Share from firm in which he has 1/3rd share Rs 45,000 iv) Commission received by his wife from such from for acting as is selling agent Rs 25,000/		

Cont….

2	12.a.	What is Alternate minimum tax(AMT) Explain the provision of section 115BAC with an example?	K3	CO2
		(OR)		
	12.b.	The total income of an AOP/BOI (liable to tax at the rates applicable to individual)computed under the normal provisions of income tax Act is Rs 10,00,000.However the adjusted total income of the AOP/BOI(computed as per section115JC(2))amounted to Rs30,00,000.Calculate the final Tax Liability of the AOP/BOI for Assessment year 2025-26 under old tax regime.		
3	13.a.	Write short notes on a)company b)Indian company c)Residence of accompany d)corporate tax.	K4	CO3
		(OR)		
	13.b.	The total income of XYZ Ltd,a domestic company ,computed under the normal provisions of income tax Act is Rs5,00,000.however the book profits of the company (calculate as per section 115JB)amount of Rs14,50,000.calculate the tax liability of company for AY2025-26.what is the amount of tax credit available to company		
4	14.a.	Write notes on a)Belated return b)Self Assessment c)Remedies against Best Judgment Assessment d)Discretionary Best Judgment Assessment	K5	CO4
		(OR)		
	14.b.	From the particulars given below compute the amount of income tax, additional income tax and interest payable by the assessee for the year 2025-2026 under tax regime i) Total income as per return of income filed by assessee Rs 4,50,000 ii) Total income as assessed by Assessing officer Rs 5,18,000 iii) Tax Deducted at source Rs 5,200 iv) Advance tax paid Rs 5,800 v) Tax deposited at the time of self Assessment Rs 1,000 vi) Date of filling of Return 02-12-2025 vii) Due date of Filling of Return 31-07-2025		
5	15.a.	What are the improving compliance regarding Quoting of PAN?	K6	CO5
		(OR)		
	15.b.	What is Electronic Filing of Return? and Provision relating to E-filling of return under Income tax act 1961 (sec 139D)		

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 Gross total Income of Mr.Shourya (Age 35 years) Rs 30,00,000 **Deductions** : U/s 80C(Approved Savings) Rs 1,50,000 U/s 80CCD (1 B) (Own Contribution to NPS) Rs 50,000 U/s 80CCD(2)(Employer Contribution to NPS)Rs 50,000 U/s 80 D (Medial Insurance) Rs 75,000 U/s 80TTA (Interest on saving Account Rs 10,000 U/s 80G (Donation)Rs 50,000 Whether shourya should opt for concessional tax regime provided U/s 115 BAC (1 A) or should continue to pay under traditional slab rates of tax? Also calculate his final tax liability for A.Y 2025-2026	K1	CO1

2 | 17 | K3 | CO2

Mr.M and Mr.N are member of an AOP sharing profits and losses in the ratio of 2:1.AOP has income of Rs 2,86,000 under the head profits and gains. It also has agricultural income of Rs1,20,000.the Individual income of its members are as follows:

Member	Case A		Case B	
	Agri Income	Non- Agri Income	Agri income	Non- Agri income
Mr.M	Rs30,000	Rs1,48,000	Rs3,000	Rs2,68,000
Mr.N	Rs40,000	Rs1,76,000	Rs40,000	Rs 88,000

During the year Mr. M paid life insurance premium of Rs 10,000 of an policy Rs1,00,000 and Mr .N deposited in PPF. calculate the tax Liability of AOP and its member for the A.Y 2025-26 under tax regime.

3 | 18 | K4 | CO3

Ravi and Ram are partners in a firm assessed u/s 184 of Income Tax Act 1961

Profit & Loss A/c for the year ending 31.3.2025

General expenses Rs 2,00,000	Gross Profit Rs 5,00,000
Salaries to staff Rs 30,000	Refund of sales tax (allowed earlier) Rs 50,000
Salary to Ravi Rs 1,50,000	Rent from house property Rs 72,000
Salary to Ram Rs 1,00,000	LTCG on sale of jewellery on 22.09.2024(computed without indexation)Rs 1,00,000
Interest on capital @15%	
Ravi 18,000	
Ram 15,000	
Donation to Dav college Managing Rs20,000	
Committee (approved u/s 80G)Net Profit Rs 1,89,000	
Total 7,22,000	Total 7,22,000

Additional Information:

a)Salary and interest to partners have been paid as deed

b)General expenses include Rs 40,000 as cost of computer installed in August 2024

c)Rent from house property includes rent of vacant plot of from leased out @ Rs 2,000pm

d)Jewellery had been given to firm by Ram as her capital contribution .the firm sold it on 20.07.2024

Calculate A) Total Income and Tax Liability of firm B)Business Income of Partners.

4 | 19 | K5 | CO5

Explain the procedure regarding assessment with special reference to summary procedure ie completion of assessment U/s 143(2)

5 | 20 | K6 | CO5

Briefly explain the prescribed forms for filling Returns on Income (Rule 12 of Income –tax Rules 1962 (Applicable for Assessment year 2025-2026).

Z-Z-Z END