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PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 2018
(Fourth Semester)

Branch - COMMERCE (COST AND MANAGEMENT ACCOUNTING)

DIRECT TAX-11

Time : Three Hours

Maximum : 75 Marks

SECTION-A (20 Marks)

Answer ALL questions

ALL questions carry EQUAL marks (10x2 = 20)

- 1 Define Firm.
- 2 Define AOP.
- 3 What is Corporate Tax?
- 4 Define Company.
- 5 What is Appeal?
- 6 Write short notes on 'Refund of Tax'.
- 7 Who is recovery officer?
- 8 What is Reassessment?
- 9 Write short notes on 'Commissioner of Income Tax.
- 10 What is compulsory best judgement assessment?

SECTION-B (25 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks (5x5 = 25)

Profit and Loss of ABC and Co. (a firm of chartered accountants) for the year ending 31.3.2017 is as follows.

Expenses	10,000	Receipts from clients	1,35,000
Depreciation	75,000	Bank interest	25,000
Remuneration to working partners	80,000	Net loss	42,500
Interest on capital to partners@ 20%	37,500		
	<hr/>		<hr/>
	2,02,500		2,02,500

Other information:

- i) Out of expenses of Rs. 10,000 Rs.6,400 is not deductible by virtue of section 36 and 37.
- ii) Depreciation as per section 32 is Rs.27,500.

Find out the amount of total income of the firm for the assessment year 2017-18. The remuneration and interest on capital to partners have been paid according to partnership deed.

Which was submitted along with return.

OR

- b The total income of an AOP (liable to tax at the rates applicable to individuals), computed under the normal provisions of income tax act is Rs. 10,00,000. However, the adjusted total income of the AOP amounted to Rs.30,00,000. Calculate the final tax liability of the AOP for assessment year 2017-18.

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- 12 a The following is the profit and loss account of LM Ltd., an Indian Co. for the financial year ending 31 March 2017.

Particulars	Rs.	Particulars	Rs
To Purchases	12,00,000	By Sales	50,00,000
To Factory expenses	12,00,000	By Dividend from Foreign Company	5,00,000
To Depreciation	2,00,000		
To General expenses	1,00,000		
To Income Tax	2,00,000		
To Net Profit	26,00,000		
	<u>55,00,000</u>		<u>55,00,000</u>

- i) Depreciation allowable as per income tax act Rs. 1,50,000.
 ii) The company has various depreciable assets. During the year, a block of P and M was revalued to a higher figure, such revaluation results in excess depreciation of Rs.20,000.
 iii) General expenses include actual bad debts of Rs. 1,000.
 Calculate total income under normal provisions of Income Tax Act for assessment year 2017-18.

OR

- b The total income of XYZ Ltd., a domestic company, computed under the normal provisions of Income Tax Act is Rs. 2,50,000. However, the Book profits of the company amount to Rs.8,15,000. Calculate the tax liability of company for assessment year 2017-18.

- 13 a The estimated tax liability of Anand Ltd. for the previous year 2016-17 is Rs.5,00,000. Calculate advance tax payable by the company in various instalments during the previous year 2016-17.

OR

- b What are the circumstances in which a claim for refund of tax may arise?

- 14 a Write briefly about the filing procedure for companies.

OR

- b What are the benefits of E-Commerce transactions?

- 15 a What are the new income tax authorities provided by the Income Tax Act for the administration of tax?

OR

- b What are the powers of the chief commissioner to income tax?

SECTION - C (30 Marks)Answer any **THREE** Questions**ALL** Questions Carry **EQUAL** Marks (3 x 10 = 30)

- 16 Sanjay Chopra, his two brothers and major son constitute an IITF. And the following statement of income has been submitted by them for assessment purposes.

- i) Profit from business carried on by the karta in the account and on behalf of HUF. Rs. 1,80,000 (after deducting Rs.6,000 paid to Vijay a member

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ii) The family owns a house with the rental value of Rs. 10,000, local charges in respect of this being Rs.500. It is used for residence of the family. Mr.Chopra has created a charge on this house for payment of Rs.5.000p.a. to his sister. Fire insurance premium paid is Rs.100 and theft insurance Rs.200.

iii) The HUF. sold another house for Rs. 13,40,000 on 10th April 2016 (Cost inflation index in 2016-17 was 1125) which was acquired in 1955. Its fair market value on 1 April 1981 was Rs. 1,20,000 (CII for 1981-82 was 100)

iv) Loss of stock in trade occasioned by enemy action Rs.5,000 not charged earlier.

v) Sanjay Chopra wins a prize of Rs.50,000 in Rajesthan State Lottery and claims it as his personal winnings. It is record that the ticket was bought in his name though the rupee had been spent from the cash box of the business.

vi) Dividend on units of mutual funds Rs.5,000, interest credited in saving bank account Rs. 15,000, interest on debentures Rs. 10,000 and interest on Govt securities held by family was Rs.9,000.

Compute total income of the family for the assessment year 2017-18.

17 Prakash Traders Limited as a company in which the public are substantially interested. It closes its accounts on 31st March every year. During the current year, it has derived the following income:

i) Profit from manufacturing unit at Luck now Rs.3,20,000.

ii) Profit from trading activities at Luck now Rs. 1,00,000.

iii) Interest on debentures issued by another company which is a domestic company producing cement Rs.25,000 (Gross).

iv) Dividend from a Foreign Company Rs. 10,000.

v) 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 passed on a certain formula for manufacturing tiles to another company in Uganda and received royalty there from Rs.2,10,000.

vi) Brought forward unabsorbed depreciation Rs.39,000.

vii) Book profits as per section 115Jb= Rs.25,00,000.

You are required to calculate total income and tax liability of the company.

18 What are the modes of recovery of tax? Explain.

19 What are the steps included in process of E-Commerce Transactions?

20 What are the powers of income tax authorities relating to search and seizure.