

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

**MCom(CS) DEGREE EXAMINATION DECEMBER 2023**  
(Third Semester)

Branch – **CORPORATE SECRETARYSHIP**

**DIRECT TAXES**

Time: Three Hours

Maximum: 50 Marks

**SECTION-A (5 Marks)**

Answer **ALL** questions

**ALL** questions carry **EQUAL** marks

(5 x 1 = 5)

1. When the Income Tax Act, 1961 came into force?
  - (i) 1<sup>st</sup> April, 1962
  - (ii) 31<sup>st</sup> March, 1961
  - (iii) 1<sup>st</sup> April, 1961
  - (iv) 31<sup>st</sup> December, 1961
2. Which of the following income is not included in the term 'income' under the Income-tax Act, 1961 ?
  - (i) Profit and gains
  - (ii) Dividend
  - (iii) Profit in lieu of salary
  - (iv) Reimbursement of travelling expenses
3. In which of the following cases, income of previous year is assessable in the previous year itself:
  - (i) Assessment of persons leaving India
  - (ii) A person in employment in India
  - (iii) A person who is into illegal business
  - (iv) A person who is running a charitable institution
4. Under Income Tax Act partnership firm includes – Find?
  - (i) Limited liability partnership
  - (ii) Limited liability company
  - (iii) One person company
  - (iv) Association of person
5. Income Tax is levied on the \_\_\_\_\_ of a person.
  - (i) Total Income
  - (ii) Total Income-Debt
  - (iii) Gross Total Income
  - (iv) Net Income-Debt Perquisite

**SECTION - B (15 Marks)**

Answer **ALL** Questions

**ALL** Questions Carry **EQUAL** Marks

(5 x 3 = 15)

6. a) Mr. Smith, an Indian citizen, works as a consultant and travels frequently. During the financial year 2022-2023, he was in India for 90 days, and he had been an NRI for the past four years. Determine Mr. Smith's residential status for AY 2023-2024.  
Or  
b) Mr. B a married citizen of India left for Germany for the first time on 15.09.2021 on a business trip. He returned to India on 5.6.2022. During his absence from India he maintained a dwelling house for himself in Calcutta. What will be his residential status for the assessment year 2023 – 2024?
7. a) Ms. Patel receives a car from her employer for both personal and official use. How is the taxable value of the perquisite determined, and what are the tax implications for her for AY 2023-2024?  
Or  
b) Mr. S. Pratihari has constructed a multistory building at Delhi consisting of 40 flats. Each flat is let out @ 1,000 p.m. The municipal authorities have fixed the rental value of this property as 4,50,000 p.a. The owner bears the following expenses:
 

	Rs.
Lift maintenance	12,000 p.a
Pump maintenance	8,000 p.a
Salary of Gardener and Watchman	3,600 p.a
Swimming pool expenses	9,000 p.a

Compute the Annual Rental Value for the property.

**Cont...**

8. a) Mr. Raj runs a retail business and had a total turnover of Rs.5,00,000 during the financial year 2022-2023. Calculate the presumptive income under Section 44AD of the Income Tax Act for AY 2023-2024.

Or

- b) Mr. A invested 1,00,000 in 9% tax-free debentures of a company. What will be his taxable interest for the previous year ending on 31 - 3.2023 if the rate of deduction of tax at source is @ 10%.  
Interest accrues on 1st January every year.

9. a) Given the taxable income of Rs.6,50,000, calculate the tax liability for a firm under the Indian Income Tax Act with the applicable tax rates.

Or

- b) The total income of a LLP/Firm, computed under the normal provisions of Income Tax Act is Rs.15,00,000. However, the 'adjusted total income' of the LLP [computed as per Section 115JC(2)] amounted to 30,00,000. Calculate the Final Tax Liability of the LLP for Assessment Year 2023-24.

10. a) What happens if TDS is not deducted or deposited on time? – Explain.

Or

- b) Discuss the methods for recovering tax in India if it remains unpaid.

**SECTION -C (30 Marks)**

Answer ALL questions

ALL questions carry EQUAL Marks

(5 x 6 = 30)

11. a) Mr. Gatting , a foreigner citizen leaves India for the first time in the last 20 years on November 25,2020.During the calendar year 2021,he comes to India on September 1,and stays in india for a period of 20 days. During the calendar year 2022 he does not visit India at all but comes to India on January 15, 2023.Determine the residential status of Mr.Gatting for the assessment year 2023 - 2024.

Or

- b) Following are the incomes of Sri Rathnam for the previous year 2021-22:

	Rs.
i. Profit from the business in Bangalore	10000
ii. Income accrued in India but received in Japan	4000
iii. Profit from business in Canada but received in India	5000
iv. Income from house property in Karachi received in Bombay	4000
v. Profit from business established in England and deposited there, the business being controlled from India	20000
vi. Income from house property in America and deposited there	2000
vii. Past untaxed income brought into India during the previous year	10000

Compute the total income of Shri Rathnam for the assessment year 2022-23 if he is  
(a) Resident (b) N.O.R. or (c) Non-Resident.

12. a) The following are the particulars of the income of shri aravind for the previous year ending on 31<sup>st</sup> march:

- 1) Salary Rs 12000 p.m.
- 2) Contribution to Recognized P.F. Rs4000p.m
- 3) Employer contribute the same amount as the employee contributes towards P.F
- 4) D.A Rs.5000 P.m (not enter)
- 5) Interest o credited to P.F @ 13% is 13000.
- 6) Contribution to Public P.F is Rs 9000
- 7) Bonus Rs.30000
- 8) His ration bill of Rs 2000 p.m is paid by employer
- 9) Premium of life policy is Rs 12000 on a policy of 200000
- 10) Deposited Rs 4800 in equity linked saving scheme (ELSS)
- 11) Repayment to house building loan taked from HDFC ( a govt. agency) Rs20500 during the year. Find out taxable income of shri Aravind for the assessment year 2018-19.

Or

Cont...

## 12. Cont...

12. b) Mr. P is the owner of a house property in Rourkela. It has been let out for 90,000. The tax payable by the owner comes to Rs. 8,400 on municipal valuation of Rs.84,000 but the landlord has taken an agreement from the tenant stating that the tenant would pay tax direct to the municipality. The landlord, however, bears the following expenses on tenant's amenities:

	Rs.
Water charges (as per agreement)	1,000
Lift Maintenance	1,000
Salary of Gardener	1,200
Lighting of Stairs	800
The Landlord claims the following deductions:	
Repairs	30,000
Land Revenue	1,000
Collection Charges	2,000
Legal charges incurred on purchase of land on which house property is situated	Rs.24,000.

Compute the taxable income from house property.

13. a) Mr. H submits the following particulars about sale of assets during the year 2022-23.

Particulars	Jewellery	Plot	Gold
Sale price	5,00,000	21,74,000	2,50,000
Expenses on sale	Nil	24,000	Nil
Cost of acquisition	1,50,000	7,00,000	80,000
Year of acquisition	2007-08	2004-05	2009-10
C.I.I.	129	113	148

He has purchased a house for Rs. 12,00,000 on 1.3.2023. Calculate the amount of taxable capital gain if C.I.I. for 2022-23 is 331.

Or

- b) From the following particulars of Mr. Edward for the previous year ended 31st march 2023. Compute his income other sources for the A. Y. 2023-2024.

i) Director's fee from a company	10,000
ii) Interest on Bank deposits	3,000
iii) Income from undisclosed sources (Unexpired money)	12,000
iv) Winning from lotteries	24,000
v) Royalty on a book written by him	8,000
vi) By giving lectures in functions	5,000
vii) Interest on loan given to a relative	7,000
viii) Interest on tax free debentures of a company (listed in recognize stock exchange)	3,600
ix) Dividend on shares	6,300
x) Interest on post office savings bank A/C	500
xi) Interest on Government securities	2,200

He paid Rs. 100 for collection of dividend and Rs. 1,000 for typing the manuscript of book written by him.

14. a) The profit and loss account of a firm in which the partners X, Y and Z share profits 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 2023.

Debits	Rs	Credits	Rs.
Donation to National Defense Fund	11,000	Capital gain on sale of scrap machinery	5,000
Salary to Partners : X 15,000		Interest on debenture after deduction of tax at source Rs.2500	22,500
Y 19,000		Interest on Securities (Gross)	3,500
Z 22,000	56,000		
Commission to X	6,000		
Office Rent (Paid to Y)	12,000		

Compute the total income of the firm for the assessment year 2022-23. The firm has submitted certified copy of instrument of partnership along with return and it provides for the payment of salary commission to working partners x,y and z as per above.

Or

Cont...

**14. Cont...**

14.b) The following is the statement of Profit and Loss of LM Ltd., an Indian Co. for the financial year ending 31<sup>st</sup> march 2023.

Items debited and net profit	Rs.	Items Credited	Rs.
Purchases	12,00,000	Sales	50,00,000
Factory Exp.	12,00,000	Dividend from foreign company	5,00,000
Depreciation	2,00,000		
General Exp.	1,00,000		
Income Tax	2,00,000		
Net Profit	26,00,000		

- i. Depreciation allowable as per income tax Act is 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 resulted in excess depreciation of Rs.20000.
- iii General expenses include actual bad debts. of Rs.1000

Calculate : Total income under normal provision of income tax act for the assessment year 2022 – 23.

15. a) Analyze the power of commissioner of income tax in regard to search and seizure under Section 132 of Income-tax Act?

Or

- b) State briefly the law relating to deduction of tax at source.

Z-Z-Z

END