

D3ACM2202

(3 Pages)

Name.....

Reg.No.....

**THIRD SEMESTER M. Com DEGREE EXAMINATION, NOVEMBER 2023
(Regular/Improvement/Supplementary)**

COMMERCE

FMCM3C12 - INCOME TAX: LAW, PRACTICE AND TAX PLANNING- I

Time: 3 Hours

Maximum Weightage: 30

Part A: Answer any *four* questions. Each carries *two* weightage.

1. What is maximum marginal rate?
2. Who is an 'assessee in default'?
3. Define the term 'perquisites'.
4. What is clubbing of income?
5. What do you mean by best judgement assessment?
6. How is residential status of a HUF determined?
7. What is a Defective return?

(4 × 2= 8 weightage)

Part B: Answer any *four* questions. Each carries *three* weightage.

8. Discuss the procedure for recovery of tax.
9. Explain the various types of agricultural income.
10. What are the differences between tax planning and tax evasion?
11. Explain the different types of assessment.
12. Ms. Bindhu purchased 1,000 equity shares of X Ltd. at the rate of Rs. 45 per share on 1.04.2022, paying brokerage Rs. 1,000. She sold the shares on 31.03.2023 at the rate of Rs.60 per share and paid brokerage of Rs.2,000 for the same. She also paid securities transaction tax. Compute capital gains and tax payable.
13. From the following information, compute the income from house property.

	Amount
Municipal valuation	1,00,000
Fair rental value	1,40,000
Standard rent	1,20,000
Municipal taxes paid by the tenant	10,000

(P.T.O.)

The house was self-occupied for four months and let out at the rate of Rs. 12,000 per month, for the remaining eight months. The assessee paid Rs.30,000 interest during the year 2022-23, on loan taken for the construction of the house.

14. Mr. Karthikeyan, the Karta of a HUF, gives you the following information.
1. Income from family business Rs.2,00,000.
 2. Income from salary Rs.1,50,000.
 3. Director's fee received by Karta Rs. 36,000.
 4. Annual rent of let out house of the family Rs. 48,000.
 5. Interest on bank deposit (FD) in the names of family members Rs.40,000.
 6. Family share of profit from an AOP in which the Karta is a representative of the family Rs.50,000.
 7. Long term capital gains Rs.25,000.
 8. Municipal taxes paid for the let out house Rs 5000 (10% of municipal valuation).
 9. Interest on loan taken to repair the let out house Rs.40,000.
 10. Insurance premium paid for the members of the family Rs.10,000.
 11. Donation to Chief Minister's Relief Fund Rs.20,000.

Compute the total income of the HUF.

(4 × 3 = 12 weightage)

Part C: Answer any two questions. Each carries five weightage.

15. Discuss the powers and functions of Income Tax Authorities.
16. Mr. Mithara, a businessman in Patna presents the following P & L a/c.

P&L a/c for the year ended 31.03.2023			
Domestic expenses	8,000	Gross profit	1,80,000
Establishment expenses	27,000	Interest on Govt.bond	20,000
Advertisement	1,000	Commission	10,000
Insurance of goods	2,000		
Life insurance premium	6,000		
Interest on capital	12,000		
Audit fee	300		
Tax consultancy charges	2,000		
Interest on loan	3,500		
Bad debts	3,000		
Reserve for bad debt	1,000		
Entertainment allowance to employees	4,000		
Net profit	1,40,200		
	2,10,000		2,10,000

Considering the following, ascertain income from business for the year 2022-23.

1. Depreciation allowable Rs. 15,000.
2. Establishment expenses include Rs. 6,000 being rent for building in which he resides. Half of the building is used for business.

17. Mr. Ashok is employed in Chennai in a public limited company on annual package salary of Rs. 10,00,000. The company gives the salary as follows.

Particulars	Amount
Basic salary	7,00,000
Travelling allowance	20,000
Medical allowance	20,000
Special allowance	12,000
House rent allowance	1,20,000
Employee's contribution to RPF	60,000
Company's contribution to RPF	60,000
Deposit to approved gratuity fund	8,000
Total	10,00,000

Mr. Ashok lives in a rented house paying monthly rent Rs.15,000. During the year 2022-23, he paid tax on employment Rs.2,000.

Compute income from salary for the assessment year 2022-23.

18. Mr. X, aged 50 years, submitted the following details of his income and investment for financial year 2022-23.

Particulars	Amount
Salary	5,00,000
Bonus	17,500
Dearness allowance	1,00,000
Income tax paid	12,500
Interest on housing loan(Self occupied, loan taken in 2014)	70,000
Principal amount on housing loan repaid	30,000
Dividend from co-operative society	12,000
Dividend from an Indian company	1,00,000
Interest on fixed deposits with bank	15,000
Interest on saving bank deposits	18,000
Interest on Public Provident Fund Account	25,000
Deposit in Public Provident Fund Account	1,30,000

Compute taxable income for the assessment year 2022-23.

(2 × 5 = 10 weightage)