D3ACM2302 (3 Pages) Name............................

Reg.No..........................

THIRD SEMESTER M. Com DEGREE EXAMINATION, NOVEMBER 2024

(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 are the areas of tax management?
2. Mr. X, an Indian citizen wishes to go abroad for the first time for employment purpose. Suggest him the tax planning measures with respect to residential status.
3. What is AMT? To whom it is applicable?
4. What are the modes of recovery of tax?
5. Explain any four situations for quoting of PAN is mandatory.
6. Illustrate any four situations in which other person’s income is included with one’s income.
7. Explain any four incomes which are exempted from tax payment.

(4 × 2 = 8 weightage)

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

8. Mr. Ramlal is an Indian citizen. He went out of India first time on 15th August 2023 in connection with research work in the USA and came back to India on 26th January 2024. During the financial year he received the following.

   Salary in the USA – ₹1,60,000

   Salary in India – ₹1,00,000

   Interest on debentures of an Indian Company – ₹18,000

   Dividend on shares of of foreign company – ₹7.000.

   Payment from PPF – ₹10,000.

   Compute his residential status and GTI for the AY 2024-25.

9. After serving for 33 years and 9 months in Bharath Electricals Ltd., Mr. X who is covered under the Payment of Gratuity Act retires from service on 30th November 2023. The employer pays a gratuity of Rs. 9,00,000. His monthly basic salary at the time of retirement was Rs. 30,000, DA Rs. 9,000 and HRA Rs. 4500. Compute taxable gratuity.

(P.T.O.)

10. Compute Business Income of Mr. Sunil for the year ended 31/03/2023.

Net profit as per P/L A/c (Before charging the following)- ₹5,75,000

a) Expenditure on Family Planning - ₹45,000
b) Entertainment Expenditure - ₹30,000
c) Lump sum payment for technical know-how - ₹90,000
d) Expenditure on acquiring patent right - ₹84,000
e) Expenditure on Advertisement (paid in cash) - ₹18,000
f) Amount paid to University for an approved research programme in social sciences not connected with his business – -₹20,000
g) Provision for excise duty - ₹45,000
(He paid only ₹20,000 before the due date filing IT Return)

11. Mr. Prakash purchased one residential flat in 2006-07 at the cost of ₹122,000. He sold the same during the financial year 2023-24 for ₹800,000. He did not own any other home. Out of the sale proceeds, he bought another home for ₹2,88,000 and invested ₹100,000 in bonds issued by NHAI within six months from the date of sale of home.
Compute capital gain (CII 2006-07- 122, 2023-24- 348).

12. From the following information compute the relief available u/s 89.

	AY 2024-25	AY 2023-24
Total Income assessed	5,85,000	3,30,000

The income of Rs. 5,85,000 includes arrears of salary for the AY 2023-24 Rs. 2,50,000.

13. Mr. X having the following expected income for the PY 2024-25.
Monthly Salary – 95,200
Rent from HP – 12,000/month
Compute: (a) Monthly TDS from Salary.
(b) Advance Tax to be paid in each quarter, if any.

14. What are the different types of assessment?

(4 × 3 = 12 weightage)

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

15. X, an employee of a firm, furnished the under noted particulars of his income for the PY ended 31st March 2024.

    (i) Basic Salary- 1,44,000

    (ii) DA - 28,800

    (iii) Own contribution to RPF– 20,160

    (iv) Employer's Contribution to RPF– 20,160

    (v) Interest on balance in RPF (Within prescribed rate)– 14,000

    (vi) Bonus - 12,000

    (vii) He was provided with a small car for which employer paid all the running and maintenance cost. The car used for personal as well as official purposes.

    (viii) X was also provided with RFA at Kolkata for which employer paid a rent of Rs. 1,250 per month. X was allowed the use of one refrigerator and an air conditioner costing Rs. 8,000 and 12,000 respectively while their WDV on 01/04/2023 were Rs. 4,500 and 7,000 respectively.

    (ix) Life Insurance Premium of Rs. 12,000 was paid by X's employer on an insurance policy for Rs. 2,40,000 on X's life.

    Compute Tax payable by Mr X.

16. Shri Varma is a 'Karta' of a HUF. He furnished the following information about his family income for the year ended 31/03/2024.

		₹
(1) Salary received from a member who is serving at some place	-	7,20,000
(2) Business Income	-	18,12,000
(3) Directors fees received by Karta from personal efforts	-	60,000
(4) GAV of let out property	-	68,000
(5) Municipal Tax on property paid	-	6,800
(6) LTCG	-	1,25,000
(7) Dividend from Indian Company	-	11,500
(8) Profit share in an AOP	-	60,000
(9) Donation to a recognised medical institute by cheque	-	68,000

    Compute Total Income and Tax Payable by the family. A member of the family is disabled and the family spent Rs. 28,000 on his treatment.

17. Explain in detail the general powers of Income Tax authorities.

18. Explain the different categories of ITR. In what context each ITR is applicable?

(2 × 5 = 10 weightage)