

**D 71495**

**(Pages : 4)**

**Name .....**

**Reg. No.....**

**THIRD SEMESTER M.Com. DEGREE EXAMINATION, DECEMBER 2014**

**(CSS)**

**MC 3C 13—INCOME TAX LAW AND PRACTICE**

Time : Three Hours

Maximum : 36 Weightage

**Part A**

*Answer **all** questions.*

*Each question carries 1 weightage.*

1. Explain residence status of a company.
2. What are the deductions from G.T.I allowable to H.U.F.?
3. Define a widely-held companies.
4. What do you understand by Tax Planning ?
5. What is a bonus share ?
6. What is PAN ?

(6 x 1 = 6 Weightage)

**Part B**

*Answer any **six** questions.*

*Each question carries 3 weightage.*

7. How the total income of a firm is computed ? Give a proforma of such computation.
8. What are the provisions of Income Tax Act in respect of income escaping assessment ?
9. Distinguish between 'tax planning' and 'tax management'.
10. C Ltd. showed a net profit of Rs. 3, 35,000 during 2011 — 12. Scrutiny of the accounts revealed the following :

*Debits to Profit and loss Account :*

Donations paid to approved public charitable Trust Rs 20,000

Provision for Income Tax — Rs. 1, 00,000

Family planning expenses — Rs. 25,000

Capital expenditure on family planning — Rs. 1, 00,000

*Credits to Profit and loss Account :*

Bad debts allowed earlier recovered during the P.Y. — Rs. 10,000

**Turn over**

Interest on Bank Deposits — Rs. 30,000

LTCG — Rs. 1, 00,000

Dividend from Indian company — Rs. 20,000 (Gross)

There was an Unabsorbed depreciation of Rs. 35,000 and Unabsorbed capital loss of Rs. 40,000 brought forward from the earlier assessment year.

Compute total income of the company for the A.Y.2012 — 13.

11. The following are the particulars of income of an assessee :

	2008 – 09	2009 – 10	2010 – 11	2011 – 12
	Rs.	Rs.	Rs.	Rs.
Profit before Depreciation	(–) 40,000	45,000	52,000	( –) 60,000
Depreciation for the year	17,000	15,000	15,000	18,000
Deposit to Tea Development A/c			20,000	
Other taxable income		58,000		27,000

Work out the amount to be set-off or carried forward in each of the above four years appending explanatory notes.

12. From the following information compute tax payable by Smt. Rema for the Assessment year 2012 – 13.

	Rs.
(i) Income from House Property (computed)	80,000
(ii) Interest on Government Securities	... 10,000
(iii) LTCG	50,000
(iv) Income from Business	8,20,000
(v) Agricultural Income	1,00,000
(vi) Amount withdrawn from Public Provident Fund	50,000
(vii) Purchased N.S.C VIII Issue	30,000
(viii) Deposited in PPF	40,000
(ix) Subscription to eligible issue of Capital	35,000

13. The following details have been supplied by the **Karta** of a **H.U.F.** You are required to compute the Total Income of the family for the **A.Y. 2012— 13** :

	Rs.
Profit from Business	2,32,000
Salary received by a member of the <b>H.U.F.</b>	8,000
Director's fees received by <b>Karta</b>	6,000
Rental value of the property let	12,000
Municipal taxes	600
Dividends (Gross)	450
<b>LTCG</b>	14,500
Donation to a college (approved Institution)	24,000
Share of profit from a firm	10,000

The family maintained accounts on cash basis. In its lending business a civil suit for recovery of loan and interest was compromised. The debtor executed a mortgage for the amount. The Income Tax Department holds that Rs. 2,000 representing interest is a constructive payment.

14. From the following particulars compute the total income of Mr. A for the Assessment Year 2012 – 13 :

	Rs.
Loss from House Property	10,000
Short-term capital gain on sale of shares	1, 05,000
Long – term capital loss on sale of bonds ...	85,000
Other Sources – interest on Govt. securities	10,000

The **assessee** has unabsorbed depreciation of Rs. 25,000 being brought forward from 2011-12. **Assessee** has closed the business and all the assets have been disposed off.

(6 x 3 = 18 weightage)

### Part C

*Answer any two questions.*

*Each question carries 6 weightage.*

15. Discuss the main points of tax planning in respect of employee's remuneration from the employer's point of view.

Turn over

16. Rosy and Mary are sisters, born and brought up at Mumbai. Rosy got married in 1980 and settled at Canada since 1980. Mary got married and settled at Mumbai. Both of them are below 60 years. The following are the details of their income for the previous year ended 31 - 03 - 2012 :

Particulars	Rosy	Mary
	Rs.	Rs.
Pension received from State Government		10,000
Pension received from Canadian Government ...	20,000	
Long-term capital gain on sale of land at Mumbai ...	1, 00,000	50,000
Short-term capital gain on sale of shares of Indian		
Listed companies in respect of which STT was paid	20,000	1, 00,000
LIC Premium paid		20,000
Premium paid to Canadian LIC at Canada	10,000	
Mediclaim policy premium paid		5,000
Tax saving bond purchased in March, 2012	30,000	20,000
Rent received in respect of house property at Mumbai	60,000	30,000

Compute the taxable income of Mrs. Rosy and Mrs. Mary for the Assessment Year 2012 – 13 and Tax thereon.

17. From the following information compute the tax payable by a tonnage tax company for A.Y. 2012 – 13 :

The company has two qualifying ships. The net tonnage of ship I is 27,749 ton 400 kg. and Ship II is 16,750 ton 500 kg.

Ship I runs for 365 days during the previous year and ship II for 150 days during the previous year.

Turnover of core activities Rs. 20 crore

Profit from incidental activities Rs. 5, 50,000

(2 x 6 = 12 Weightage)