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**FOURTH SEMESTER M.Com. DEGREE (REGULAR) EXAMINATION
MARCH 2021**

(CBCSS)

M.Com.

MCM 4C 15—INCOME TAX LAW, PRACTICE AND TAX PLANNING—II

(2019 Admissions)

Time : Three Hours

Maximum : 30 Weightage

General Instructions

1. In cases where choices are provided, students can attend all questions in each section.
2. The minimum number of questions to be attended from the section/part shall remain the same.
3. There will be an overall ceiling for each section/part that is equivalent to the maximum weightage of the section/part.

Part A

Answer any four questions.

Each question carries 2 weightage.

1. Explain tax planning regarding assessment of AOP/BOI.
2. What are the deductions available to corporate assesseees ?
3. Explain the Tax planning in relation to Make or Buy.
4. Describe the Assessment of Limited Liability Partnership (LLP).
5. What is MAT and explain the basic provisions of MAT.
6. Explain different types of companies according to taxation point of view.
7. From the following information, compute net tax payable by an Association of Person's for the assessment year 2019-20 if X, a member, is liable to pay tax on his other income :

- | | | |
|--------------------------------------|---|------------|
| i) Long term capital gain (computed) | - | Rs. 75,000 |
| ii) Lottery winning (gross) | - | Rs. 80,000 |
| iii) Income from House property | - | Rs. 60,000 |

(4 × 2 = 8 weightage)

Turn over

Part B

*Answer any four questions.
Each question carries 3 weightage.*

8. Explain the special provisions applicable to assessment of total income of Companies.
9. Describe the conditions of qualifying ship under Tonnage Tax.
10. Explain the Tax Planning to Shut Down or Continue Decisions.
11. From the following, compute the total income of the firm and tax payable by it for the A. Y. 2019-20 :
 - i) Profit from small scale industrial undertaking ₹ 4,50,000.
 - ii) Profit from poultry breeding business ₹ 3,20,000.
 - iii) Short- term capital loss ₹ 1,50,000.
 - iv) Long-term capital gains ₹ 3,50,000.
 - v) Interest from Bank ₹ 70,000.
 - vi) Donation to charitable institution (approved) by cheque ₹ 1,20,000.
12. For the A.Y. 2019-20 the Jodhpur Co-operative Society derived total income from the following :
 - i) Income from processing with the aid of power ₹ 10,000.
 - ii) Income from collective disposal of labour of its members ₹ 15,000.
 - iii) Interest from another Co-operative Society (Gross) ₹ 30,000.
 - iv) Income from House Property ₹ 20,000.
 - v) Income from other business ₹ 10,000.

Determine its taxable income and calculate tax.
13. From the following information compute the tax payable by a tonnage tax company for the A.Y. 2019-20 :
 - i) The company has two qualifying ships. The net tonnage of Ship I is 27,749 ton 400 kg and Ship II 16,750 ton and 500 kg.
 - ii) Ship I runs for 365 days during the previous year and Ship II for 150 days during the previous year.
 - iii) Turnover of core activities ₹ 20 crore.
 - iv) Profit from incidental activities ₹ 5.5 lakh.

14. From the following particulars, compute the total income of Z Ltd. An Indian company for the A.Y. 2019-20 :

- i) Interest on Securities ₹ 2,000 (Gross)
- ii) Business Income ₹ 3,00,000.
- iii) Interest on debentures of an Indian Paper Mill Ltd ₹ 50,000 (Gross)
- iv) Dividend from an Indian Company ₹ 20,000 (Gross)

It has distributed dividend of ₹ 50,000 on 1.9.2018.

(4 × 3 = 12 weightage)

Part C

Answer any two questions.

Each question carries 5 weightage.

15. Explain Tax Planning in relation to setting up of a new business with relation to Location, Nature and form of organization.
16. The directors of a domestic company whose existing capital is ₹ 1 crore all in Equity shares, proposes to expand its business for which an additional investment of ₹ 50 lakhs would be needed. The entire money can be raised either by issue of Equity shares or by issue of 10% Debentures. They decide in favour of issue of Equity shared.

As a Tax consultant do you approve the proposal ? Assume that the rate return is 20% and rate of income tax is 30%.

17. Suhas Company Ltd. is a widely held domestic company. The following are the particulars of its income in respect of the previous year 2018-2019 :

- a) Income from business ₹ 1,10,00,000.
- b) Interest from Govt. Securities ₹ 20,000.
- c) Short term capital gains u/s 111A ₹ 30,000.
- d) Long term capital gains ₹ 66,000.
- e) Dividend from domestic company (gross) ₹ 20,000.
- f) Dividend from foreign company ₹ 20,000.
- g) Book Profit u/s 115JB ₹ 1,05,00,000.

During the Previous Year the company donated by cheque ₹ 50,000 to National Defence Fund. Compute company's total income and tax payable for the A.Y. 2019-20.

Turn over

18. A, B and C are partners in a firm, sharing profits and losses in the proportions of $\frac{2}{5}$ th, $\frac{2}{5}$ th and $\frac{1}{5}$ th respectively. The Profit and Loss Account for the year ended 31st March, 2019 is as follows :

Items	Amount	Items	Amount
To Sundry Trade Expenses	1,02,000	By Gross Profit b/d	4,78,200
To Interest on Capital @ 13% :		By Interest on Securities Gross	10,000
A 13,000			
B 6,500			
C 6,500	26,000		
To Rent to B	30,000		
To Salary to B	72,000		
To Commission to C	36,000		
To Net Profit	2,22,200		
Total	4,88,200	Total	4,88,200

Compute the total income of the firm.

(2 × 5 = 10 weightage)