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Name.....

Reg. No.....

**THIRD SEMESTER M.Com. (CBCSS) [REGULAR/SUPPLEMENTARY]
DEGREE EXAMINATION, NOVEMBER 2023**

M.Com.

MCM 3C 12—INCOME TAX LAW, PRACTICE AND TAX PLANNING—I

(2019 Admission onwards)

Time : Three Hours

Maximum Weightage : 30

Part A*Answer any **four** questions.**Each question carries 2 weightage.*

1. What is indexation ?
2. What is annual accretion ?
3. What is meant by tax management ?
4. What do you mean by 'profit in lieu of salary' ?
5. Write any four items not chargeable to income tax.
6. What do you understand by self-assessment ?
7. Smt. Pritam has to pay Rs. 50,000 as advance tax during the financial year 2023-23 she deposited Rs. 12,500 on 10.06.2022 as advance tax. Explain how much and on what dates she has to pay the balance amount.

(4 × 2 = 8 weightage)

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

8. What is AMT ? Explain the rules with regard to applicability of AMT.
9. Mr. Mahajan was employed in a company at Mandya. He retired from the service on 1st February 2022 after completing 25 years of service. From 1st August 2020, his pay scale was 16000-500-20,000 and was getting a D.A. of 30 % of Basic Pay which is also considered for computing retirement benefits. He had already encashed earned leave for 16 months. He was paid Rs. 2,35,000 on encashment after retirement. Compute the taxable amount.
10. From the following information, compute total income of Sri. Amarnath for the Assessment Year 2022-23 :

	Rs.
(1) Gift from his sister in England	... 2,30,000
(2) Gift from his friend on his birthday	... 10,000

Turn over

(3) Dividend from shares of various Indian companies ...	20,000
(4) Gift from his mother's friend on his engagement ...	25,000
(5) Gift from his fiancée ...	75,000
(6) Interest on Bank deposit (fixed deposit) ...	25,000
(7) Rent from house property ...	1,00,000

11. The income of a disabled individual for the Assessment Year 2022-23 consists of the following :—

	Rs.
(1) Income from business ...	1,26,000
(2) 1/3 share from AOP ...	25,000
(3) 1/5 share from a firm ...	21,000
(4) Interest on Govt. securities ...	10,000
(5) Income from lottery ...	4,40,000

Compute his net tax liability for the assessment year 2022-23.

12. P & L A/c of a trader shows net profit Rs. 38,00,000 after debiting following items :—

- Payment of income tax Rs. 7,00,000 and income tax proceedings expenses Rs. 1,00,000.
- Interest on loan taken for payment of income tax Rs. 50,000.
- Customs duty Rs. 10,000 and interest Rs. 4,000 of GST.
- Cash payment to a creditor Rs. 12,000.
- Municipal tax Rs. 18,000. One third portion of the house is used for business and half portion is used for self-residence and remaining portion is let out.
- Income Rs. 75,000 accrued during the year is not recorded in Profit and Loss Account.
- During the year old bad debts Rs. 30,000 were recovered of which Rs. 10,000 were disallowed by Income Tax Officer at the time of earlier assessment. Interest on bank deposit Rs. 50,000 and profit on sale of a business vehicle Rs. 80,000 and rent Rs. 60,000 have been credited to P & L A/c.

Compute income from business for the Assessment Year 2022-23.

13. Mr. Virat is a manager of a company. He furnishes the following details :

- Mr. Virat transferred a property worth Rs. 30 lakhs to his son's minor child in 2017. The income accrued to the child from the property was Rs. 50,000 during the year 2021-22.
- He transferred a property worth Rs. 2 lakhs to his son's wife on in 2016. The income accrued to her the property was Rs. 30,000 during the year 2021-22.

(c) Mr. Virat is a member of Hindu Undivided Family and he transferred his personal property worth Rs. 1,00,000 to the H.U.F. in December 2019, without consideration. Income accrued to the family from the property during the year 2021-22 was Rs. 20,000.

(d) His other incomes are :

Income from salary Rs. 1,20,000 and winnings from chess Rs. 5,000.

Compute his taxable income for the previous year 2021-22.

14. Mr. Banerjee of Kolkatta submits the following particulars of his income for the year 2021-22 :

	Rs.
(1) Income from House Property	... 20,000
(2) Profit from Business A	... 50,000
(3) Loss from Business B (discontinued on 20 April 2019)	... 4,000
(4) Brought forward loss of Business B for the year 2017-18	... 1,20,000
(5) Dividend (Gross) on shares	... 30,000
(6) Card games-Loss	... 24,000
(7) Activity of owning and maintaining race horses :	
(a) Loss at Delhi Rs. 60,000	
(b) Profit at Mumbai Rs. 50,000	
(8) Suryaja, the minor daughter of Banerjee has been admitted to the benefit of partnership firm, from which she got Rs. 30,000 as interest.	

Compute the Gross Total Income of Mr. Banerjee for the year 2021-22.

(4 × 3 = 12 weightage)

Part C

Answer any two questions.

Each question carries 5 weightage.

15. What is return of income ? Explain the different types of return.
16. Discuss the provisions relating to tax deducted at source.
17. From the following information, compute tax payable by Mr. Muhammad for the assessment year 2022-2023 :

	Rs.
Salary for 12 months	... 5,94,000
Interest on listed securities (gross)	... 3,000
Interest on Government securities	... 5,000
Interest paid on loan taken to purchase the Government securities	... 1,000
	Turn over

Income from house property (computed)	...	19,000
Loan term capital gain	...	70,000
Short term capital loss	...	-10,000
• Dividends : Income from an Indian company (gross)	... 4,000	
• Income from mutual fund (gross)	... <u>7,000</u>	11,000
Personal agriculture income	...	20,000
Brought forward agriculture loss	...	25,000
Paid insurance premium Rs. 13,000 on a policy taken after 1-4-2014 of Rs.	...	1,20,000
Paid donations to National Children's fund by cheque	...	5,000
Contribution to unrecognised Provident fund	...	3,000
Deposited in P.P.F.	...	30,000
Advance tax paid	...	1,000

18. Shri Ram Manohar is a registered medical practitioner. He keeps his books on cash basis and his summarized cash account for the year ended 31st March, 2022 is as under :

<i>Particulars</i>		<i>Amount</i>	<i>Particulars</i>		<i>Amount</i>
To	Balance b/d	... 5,850	By	Cost of medicines	... 12,000
	Loan from bank for Professional purpose	... 10,000		General expenses	... 450
	Sale of medicines	... 26,500		Motor car expenses	... 6,000
	Consultation fees	... 16,000		Salaries	... 1,200
	Visiting fees	... 3,000		Rent from dispensary	... 2,400
	Interest on Govt. securities	... 3,600		Telephone expenses	... 500
	Rent from house property	... 8,000		Personal expenses	... 1,600
	Gift from father-in-law	... 5,000		Life Insurance Premium	... 2,500
	Gift from patients	... 2,000		Interest on bank loan	... 200
				Insurance premium :	
				Car	... 700
				House property	... <u>500</u> 1,200
				Local taxes	... 800
				Travelling expenses (personal)	... 1,000
				Charity	... 100
				Balance c/d	... <u>50,000</u>
		<u>79,950</u>			<u>79,950</u>

Compute his income from profession and house property for the Assessment Year 2022-23 taking into account the further information :

- (a) One half of motor car expenses are in respect of his personal use.—
- (b) The following expenses were unpaid on 31st March 2022 :
 - (i) Rent of dispensary for 4 months—Rs. 1,200
 - (ii) Telephone bills—Rs. 280
- (c) Consultation fees include a receipt of Rs. 6,000 as advance for attending a medical camp in April 2022.
- (d) The written down value of motor car on 1-4-2021 was Rs. 12,720. Rate of depreciation 15 %.

(2 × 5 = 10 weightage)