

FINAL YEAR B.Com. DEGREE EXAMINATION, MARCH/APRIL 2001

Part III—Commerce

Paper XV (C)—INCOME TAX LAW AND PRACTICE—Paper II

(Regular, Improvement and Supplementary)

Maximum : 100 Marks

Three Hours

Section A

Answer any **ten** questions.

Each question carries 2 marks.

Answers may be given in 1 or 2 sentences each.

1. What is coparcenary ?
2. What is tax avoidance ?
3. What is the tax rebate for senior citizens of India ?
4. What is the rate of tax of a firm assessed as a firm ?
5. Define a "Domestic company" under the Income Tax Act.
6. What is tax holiday ?
7. What is Minimum Alternative Tax ?
8. Who is an Assessing Officer ?
9. What is advance ruling ?
10. What is deemed concealment ?
1. What is a non-resident Indian ?
2. State the penalty for concealment of income.

(10 × 2 = 20 marks)

Section B

Answer any **ten** questions.

Each question carries 5 marks.

Answers to theory questions may be given in **one** page each.

3. Explain the provisions relating to rebate under Section 88 for Hindu Undivided Family.
4. State the provisions of the Income Tax Act regarding a firm's business income.
5. What are the provisions relating to tax on distributed profits ?
6. How are charitable trusts assessed ?
7. Briefly state the powers of revision by Commissioner of Income Tax ?
8. Describe the penalty imposable in the following cases :—
 - (a) Failure to furnish return of income.
 - (b) Failure to produce accounts and documents.
9. Discuss the tax advantages available to a Co-operative society.

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20. Shri R is the Karta of H.U.F, A and B are his major sons. Compute the total income for Assessment year 2000–2001.

- The H.U.F. runs a business in cotton textiles whose net profit was Rs. 21,000 charging Rs. 11,000 paid as salary to A and B for their help in running the business.
- Profit and Loss Account show an entry of drawing of Rs. 20,000.
- Interest on debentures received by H.U.F. Rs. 6,770 and the tax deducted at source Rs. 1,000.

21. Compute the tax liability of "A" for the Assessment year 2000–2001.

	Rs.
Income from salaries	... 1,20,000
Income from house property	... 40,000
Profits from business	... 60,000
Invested in Public Provident Fund	... 20,000

22. The Profit and Loss Account of a firm assessed as such (FAS) shows a loss of Rs. 1,50,000 providing for remuneration and interest at 18 % to partners of Rs. 1,20,000 and Rs. 20,000 respectively. Determine the firm's income.

23. Compute the total income and tax payable by a registered Co-operative society from the following details :

	Rs.
(a) Income from the purchase of agricultural implements	... 50,000
(b) Income from business of consumers' stores	... 55,000

24. In the previous year 1999–2000, a Charitable Trust derived an income of Rs. 3,85,000 from property held for charitable purpose, including Rs. 25,000 by way of tax deducted from a part of such income at source. During the year, the trust spent Rs. 2,20,000 for charitable purposes. Determine the taxable income.

(10 × 5 = 50 marks)

Section C

Answer any two questions.

Each question carries 15 marks.

Answer to theory question may be around four pages.

25. Explain the various provisions and steps involved in the computation of the Total Income of a company.

26. Mrs. B is a Professor in Delhi University. Following are the particulars of her income for assessment year 2000–2001 :—

- Basic pay Rs. 16,000 p.m.
- Dearness allowance at 38 % of pay.
- House rent allowance Rs. 3,000 p.m. (Rent paid Rs. 4,500 p.m.).
- Medical allowance Rs. 200 p.m.
- Wardship allowance Rs. 800 p.m.
- Rent from house property at Calcutta Rs. 2,000 p.m.
- Interest received from Government Securities Rs. 5,000 (gross).
- Dividends from an Indian Company Rs. 3,200.
- Contribution to Provident Fund 12 % of basic pay.

Compute her total income.

X, Y and Z are partners in a firm assessed as firm sharing profits and losses as 3 : 2 : 1. The firm's Profit and Loss Account for the year ended 31st March 2000 showed a net profit of Rs. 1,17,360 after debiting the following amounts :—

- (a) Salary of Rs. 4,000 paid to Z.
- (b) Rent of Rs. 9,000 paid to X for the portion of building owned by X in which the firm's office is situated.
- (c) Interest on capital at 15 % is Rs. 1,000 ; Rs. 2,000 and Rs. 3,000 to X, Y and Z respectively.
- (d) Commission on sale to Y Rs. 1,000.
- (e) Expenses on repairs of the business premises of X Rs. 1,000.
- (f) Donation to approved bodies Rs. 5,000.

Net profit included Rs. 10,400 from interest on Government Securities.

Compute firm's total income and also the partner's income.

(2 × 15 = 30 marks)

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