

E 6535

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Reg. No.....

Name.....

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2019

Sixth Semester

INCOME TAX ASSESSMENT AND PLANNING

(For the Optional Stream Finance and Taxation Model II B.Com. and U.G.C. Sponsored
B.Com. Taxation)

[2014 Admission onwards]

Time : Three Hours

Maximum Marks : 80

Part A (Short Answer Questions)

*Answer all questions.
Each question carries 1 mark.*

1. What is assessment under Section 184 ?
2. What is tax evasion ?
3. What is widely-held company ?
4. What is AOP ?
5. What is an Indian Company ?
6. What is tax management ?
7. What is an urban Consumer Co-operative Society ?
8. What is tax planning ?
9. How residence of a company is determined ?
10. What is benami transaction ?

(10 × 1 = 10)

Part B

*Answer any eight questions.
Each question carries 2 marks.*

11. How to compute book profit of a firm ?
12. How tax is computed of AOP ?
13. What do you mean by succession of one firm by another firm ?
14. What are the tax rate applicable to foreign companies ?
15. Explain tax holiday.
16. What are the salient features of assessment of Joint Stock Companies ?

Turn over

17. What are the benefits of tax planning ?
18. What do you mean by a co-operative society ?
19. What do you mean by tax under tonnage tax system ?
20. Differentiate tax evasion and tax avoidance.
21. What is the effect of tax evasion in India ?
22. What are the limitations of tax planning ?

(8 × 2 = 16)

Part C

Answer any six questions.

Each question carries 4 marks.

23. What are the deductions available to a co-operative society under Sections 80P ?
24. What are the deduction allowed while computing total income of a firm ?
25. Distinguish between tax planning and tax management.
26. Which are the companies is in which the public is substantially interested ?
27. What rates of taxes are applicable to AOP ?
28. Which are the deductions under Chapter VI A available to co-operative societies ?
29. A, B and C are partners in a firm sharing profits sharing profits in the ratio 3 : 2 : 1. The net profit of the firm after the following items for the year 2017-18 is Rs. 5,50,000 :
Interest on capital paid at 16 % to A Rs. 16,000, to B Rs. 32,000 and to C Rs. 42,000. Salary paid to A Rs. 50,000, to B Rs. 10,000 and to C Rs. 30,000. Rent on building Rs. 30,000.
Compute the total income of the firm assuming the firm does not fulfil Sec. 184.
30. X, Y and Z are members of an AOP sharing profits and losses in the ratio of 4 : 2 : 1.
During the financial year 2017-18 the total income of AOP after the following adjustments is Rs. 30,000. Compute the total income of AOP.
 - (a) Salaries to X Rs. 7,000 ; Y Rs. 6,000 and Z Rs. 12,000.
 - (b) Interest on capital to X Rs. 5,000 ; Y Rs. 3,000 and Z Rs. 4,000.
 - (c) Commission to Z Rs. 12,000.
 - (d) Bonus to Y Rs. 8,000.

31. A co-operative society has the following incomes during the year 2017-18 :

	Rs.
(a) Income from Government Securities	... 32,000
(b) Interest from co-operative society	... 60,000
(c) Dividend from co-operative society	... 38,000
(d) Income from cottage industries	... 20,000
(e) Agricultural income	... 14,000
(f) Income from sale of agricultural implements to members	... 24,000
(g) Profit from other business	... 90,000
	(6 × 4 = 24)

Part D (Long Essays)

*Answer any two questions.
Each question carries 15 marks.*

32. Distinguish between tax planning, tax avoidance and tax evasion. Give illustrations of each.

33. The following particulars of income of a co-operative society for the year 2017-18 are given to you.

	Rs.
1. Rent received from house property (let out for residential purpose)	... 1,00,000
Municipal tax paid	... 2,000
Rent collection charges	... 4,000
2. Gross interest on Government Securities	... 40,000
3. Long term capital gain on transfer of plot (computed)	... 2,00,000
4. Short term capital gain	... 10,000
5. Interest on fixed deposits with Co-operative bank	... 32,000
6. Income from labour supply	... 25,000
7. Other business operations	... 1,00,000
8. Agricultural income	... 5,00,000
9. Donation to Prime Ministers Relief fund by cheque	... 10,000
10. Donation to an approved charitable institution by cheque	... 5,000

Compute its total income and tax payable, if it is a :

- (a) Rural Co-operative Society.
- (b) Urban Consumer's Co-operative society.

Turn over

34. A, B and C members of an AOP, share profits and losses equally. During the financial year 2017-18, the AOP made a profit of Rs. 2,00,000 while the personal income of P, Q and R were Rs. 80,000, Rs. 3,50,000 and 15,50,000 respectively. B is women and C is a senior citizen of 66 years of age.

Compute the tax payable by the AOP and the members for the Assessment Year 2018-19.

35. P, Q and R are partners of a firm with equal shares. The profit and loss account for the year ended 31.3.2018 shows a profit of 1,20,000 after debiting the following as per deed.

- (a) Salaries of Rs. 25,000 and 15,000 to P and Q respectively.
- (b) Bonus to R Rs. 15,000.
- (c) Rs. 8,000 for interest on capital to P calculated @ 20 %.
- (d) Rs. 12,000 for rent of the business premises paid to Q.
- (e) Commission of Rs. 7,500 to R.

Compute book profit and the total income of the firm for the assessment year 2018-19 assuming that it is a professional firm and all are working partners.

(2 × 15 = 30)