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BCMTPV 281

**Choice Based Credit System IV Semester B.Com. Degree
Examination, September 2022
(2020-21 Batch Onwards)**

**Paper – VII : TAX PROCEDURE AND PRACTICE – VI
Income Tax Law and Practices – IV**

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer **any four** of the following :

(4×4=16)

1. Briefly explain any 4 specific persons who should file the return of income prescribed in Sec. 139 (4A) to Sec. 139 (4F).
2. Decide the person who can authorise the return of income in the following cases :
 - a) Company is being wound up
 - b) Limited liability partnership
 - c) Local authority
 - d) Individual is mentally incapacitated.
3. Write a note on inquiry before assessment as per Section 142.
4. Mr. Amar is a practicing company secretary having total gross receipts of Rs. 44,00,000 for PY 2020-21. The profit according to books of accounts is Rs. 18,00,000. Can the assessee opt for presumptive taxation ? What is the amount of presumptive profits ? If assessee wants to disclose profit as per books what is the legal consequence ?

P.T.O.



5. Write a note on Revision by Commissioner under Section 264.
6. Assessee : Individual aged 40 years
Tax liability : 7,00,000
Tax audit : Not applicable
Date of filing of returns for PY 2020-21 : 24 Dec. 2021
Advance tax has not been paid during PY
TDS already deducted : 3,00,000
Determine interest under Section 234 A and 234 B.

SECTION – B

Answer **any four** of the following :

(4×8=32)

7. Darwin and Co. a partnership firm has the total net profit of Rs. 40,00,000. This is obtained after debiting the following items :
- a) Remuneration to partners
- i) Partner X – Rs. 5,00,000
 - ii) Partner Y – Rs. 3,00,000
- b) Interest on Partners' capital at 15% per annum.
- i) Partner X – Rs. 4,00,000
 - ii) Partner Y – Rs. 2,00,000

Calculate Total Income and Tax Liability of the firm for AY 2021-22.

8. Explain the provisions of defective returns under Section 139 (9) under the Income Tax Act, 1961.



9. Briefly explain any eight situations where PAN should be quoted along with monetary limits if any.
10. Mr. Kiran aged 35 years has a total income of Rs. 22,00,000 (PGBP). TDS deducted on above income is 1,10,000. He provides you the following advance tax details :
- a) Rs. 30,000 on 22 July 2020
 - b) Rs. 50,000 on 29 September 2020
 - c) Rs. 20,000 on 28 December 2020
 - d) Rs. 40,000 on 12 March 2021

He makes the final payment of taxes on 14 December 2021.

Calculate interest as per S. 234 B and S. 234 C.

11. The profit as per the statement of profit and loss of XYZ Ltd. a resident company, for the year ended 31-3-2021 is Rs. 190 lakhs arrived at after making the following adjustments :

Particulars	Rs. (in lakhs)
1 Depreciation on assets	100
2 General reserve created	50
3 Provision for tax	40
4 Proposed dividend	120

Following further information are also provided by company :

- 1) Profit includes Rs. 10 lakhs, being dividend received from an Indian company.
- 2) Provision for tax includes Rs. 16 lakhs of tax payable on profit and of Rs. 2 lakhs of interest payable on income tax.



- 3) Depreciation includes Rs. 40 lakhs towards revaluation of assets.
- 4) Brought forward loss as per books is Rs. 30 lakhs which includes unabsorbed depreciation of Rs. 10 lakhs.

Calculate Books Profits as per the provisions of MAT and Tax payable as per MAT.

12. Write a note on Scrutiny assessment under Section 143 and Best judgement assessment as per Section 144.

SECTION – C

Answer **any two** of the following :

(2×16=32)

13. M/s Satyam Industries, a partnership firm, submits the following profit and loss account.

Profit and Loss Account for the year ending 31-3-2021

Expenses	Rs.	Income	Rs.
To salaries	5,42,000	By Gross profit	15,47,300
" Rent	72,000	By short term capital gains from	
" Printing and stationery	15,600	sale of land	4,00,000
" Telephone	5,700		
" Conveyance	21,000		
" Travelling	14,000		
" Interest on Income tax	72,000		
" Depreciation	2,70,000		
" Net profit	9,35,000		
	19,47,300		19,47,300



Additional information :

- i) Salaries include Rs. 1,50,000 paid to working partner A and Rs. 1,00,000 to working partner B. (authorized by the partnership deed)
- ii) The firm purchased goods by issuing account payee drafts except in the case of one bill for Rs. 80,000 for which payment has been made by cash. This has been debited to trading account as part of purchases.
- iii) During the year the firm made capital investments which are eligible for deduction under Section 35 AD to the extent of Rs. 3,00,000. Applicable depreciation rate for these investments were 15%.
- iv) The firm is eligible for deduction under Section 80 IA to the extent of 50% of Gross Total Income.
- v) Firm has made a donation of Rs. 50,000 to an approved charitable trust which is not debited to the above Profit and Loss Account.

Calculate Total Income of the firm, Tax Liability of the Firm according to Normal Provisions and AMT and also provide the available AMT credit if any.

14. My Choice Ltd., engaged in business activities, earned a profit of Rs. 4,00,00,000 after debit/credit of the following items to its statement of profit and loss for the year ended on 31 March 2021 :
- a) Items debited to statement of profit and loss.
 - i) Provision for loss of subsidiary – Rs. 2,00,000
 - ii) Provision for taxation – Rs. 4,00,000
 - iii) Depreciation as per straight line basis – Rs. 28,60,000
 - iv) Transfer to general reserve – Rs. 50,00,000
 - v) Deferred tax liabilities – Rs. 6,00,000
 - vi) Sales tax payable (not paid up to due date of filing returns) – Rs. 4,00,000



- b) Items credited to statement of profit and loss :
- i) Long term capital gains on sale of property – Rs. 11,00,000.
 - ii) Dividend income – Rs. 2,25,000

The company provides the following additional information :

- a) Depreciation debited includes Rs. 10,00,000 on account of revaluation of fixed assets.
- b) Depreciation as per Income Tax rules – Rs. 12,80,000.
- c) Brought forward Business Loss/Unabsorbed depreciation :

	As per Books	As per Income tax
Business Loss	15,00,000	10,00,000
Unabsorbed depreciation	8,00,000	7,00,000

You are required to :

- 1) Calculate normal tax liability of the company assuming tax rate of 30%.
 - 2) Calculate tax liability as per MAT provisions.
 - 3) Calculate MAT credit if available.
15. Mr. Prathap aged 40 years provides you the following details for PY 2020-21.
- a) Income from salary – Rs. 15,00,000
 - b) Rent received from house property before standard deduction – Rs. 10,00,000
 - c) Interest on Bank FD (Gross) – Rs. 5,00,000
 - d) Investment in NSC – Rs. 2,00,000
 - e) TDS on salary – 1,00,000
 - f) TDS on Bank FD – Rs. 50,000



g) Advance tax payment details :

- i) Rs. 80,000 on 10 July 2020
- ii) Rs. 40,000 on 10 October 2020
- iii) Rs. 70,000 on 10 January 2021
- iv) Rs. 75,000 on 19 March 2021

h) Balance tax payment along with filing return of income is made on 10 Jan. 2022.

Calculate the final self assessment tax to be paid on 10 Jan. 2022 by Mr. Prathap after including interest as per S. 234 A, 234 B, 234 C and fees as per S. 234 F.

16. Write a note on :

- a) Audit provisions as per Section 142 (2A).
 - b) Income escaping assessment as per Section 147.
 - c) Appeals to High Court and Supreme Court.
 - d) Appeals to Appellate Tribunal.
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