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Reg. No. :

Name :

Third Semester M.Com. Degree Examination, January 2023

Elective : Finance

Paper I : CO 231 U – INCOME TAX PLANNING AND MANAGEMENT

(2018 Admission Onwards)

Time : 3 Hours

Max. Marks : 75

SECTION – A

Answer **all** questions. **Each** question carries **2** marks.

1. Distinguish between Previous year and Assessment year.
2. Define the term assessee under IT Act, 1961.
3. What is meant by Tax management?
4. Write a note on Book Profits.
5. What is meant by Return of Income?
6. Who is substantially interested person of a Company?
7. What is GAAR?
8. What is meant by Self assessment?
9. What is meant by Corporate Tax?
10. State any three deductions allowed to companies u/s 80.

(10 × 2 = 20 Marks)

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SECTION – B

Answer any **five** questions. **Each** question carries **5** marks.

11. Explain briefly the deduction from GTI u/s 80 G.
12. Distinguish between Tax Evasion and Tax Avoidance.
13. Write short note on Rebate of Tax u/s 88 of the IT Act.
14. State the need and importance of Tax Planning.
15. How do you calculate the Book Profits of Companies?
16. Explain the provisions regarding credit of tax paid under MAT u/s 115 JAA (1A).
17. Write a note on E-filing of income tax Return.
18. Explain the provisions regarding Tax Deducted at Source.

(5 × 5 = 25 Marks)

SECTION – C

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

19. Discuss the Tax Planning in respect of the following managerial decisions.
 - (a) Make or buy Decision
 - (b) Shut down or Continue Decision.
20. Examine in detail the tax planning under the head Salaries for individuals as per Income Tax Act, 1961.
21. A, B and C are partners in Firm assessed as Firm sharing profits and losses in the proportion of 3:2:1. The P & L account of the Firm for the year ended 31 March 2020 showed a net profit of Rs. 1,17,360 after debiting *inter-alia* the following amounts.
 - (a) Salary of Rs.4,000 paid to C
 - (b) Rent of Rs.9,000 paid to A for the portion of building owned by A in which the office of the firm was situated.



- (c) Interest on capital @10% is Rs.1,000; Rs.2,000 and Rs.3,000 to A, B and C respectively.
- (d) Commission on sale to B Rs. 1,000.
- (e) Expenses on current repairs of business premises belonging to partner A Rs.1,000. The rent agreement does not contain any provision regarding repair by the firm.
- (f) Donation to Charitable Trust (approved) Rs. 5,000.

The Net profits of Rs. 1,17,360 included Rs.10,400 from interest on Govt. Securities. Compute the Total Income of the Firm for the AY 2020-21. The deed was submitted along with return and it provides for Salary to C Rs.4,000 p.a and interest on capital to partners @10% p.a. Also compute income of partners chargeable to tax under the head profits and gains.

22. For the year ended 31 March 2020, Prakash Traders Ltd has derived the following incomes.
- (a) Profit from a manufacturing unit at Lucknow Rs. 3,50,000.
 - (b) Profit from trading activities at Lucknow Rs. 1,00,000.
 - (c) Dividend from another company which is a domestic company Rs.25,000 (Gross).
 - (d) Dividend from a foreign company Rs. 10,000.
 - (e) Profit from a three - star hotel Rs.2,00,000; Depreciation allowance admissible being Rs.20,000.
 - (f) The company authorized to a company in Uganda to use its registered trade mark and received consideration there from Rs.2,10,000, in India in convertible foreign exchange.
 - (g) B/F unabsorbed depreciation of Rs.30,000 from Assessment Year 2017-18 relating to Manufacturing unit.
 - (h) Company distributed dividend in October 2019, Rs. 2,00,000. Compute the total income and tax payable by the Company.

(2 × 15 = 30 Marks)

