



**MAR IVANIOS COLLEGE (AUTONOMOUS)**  
**THIRUVANANTHAPURAM**

Reg. No. : .....

Name : .....

Sixth Semester B.Com. Degree Examination, April 2018

First Degree Programme under CBCSS

Elective Course: Commerce – IV (Stream 1)

AUCO691.c: Income Tax Law and Accounts

( Common for **Regular** – 2015 and **Reappearance** – 2014 Admn.)

Time: 3 Hours

Max. Marks: 80

**SECTION – A**

*Answer ALL questions in one or two sentences.*

1. Explain Book Profit in Firm.
2. What is a long term Capital Asset?
3. What is Tax Holiday?
4. Who is an Assessing Officer?
5. List out any two functions of CBDT
6. What is PAN?
7. What is Belated Return?
8. What is an Urban Co- Operative Society?
9. What is Ex-Parte Assessment?
10. What is Rebate u/s 87A?

(10 × 1 = 10 Marks)

**SECTION – B**

*Answer any EIGHT questions, each in a short paragraph not exceeding 50 words.*

11. What is the Tax rate applicable for a co-operative society?
12. Differentiate between Sec.80DD and 80U.
13. Explain Minimum Alternative Tax.
14. State any four situations where PAN is compulsory
15. Define Partnership. Who can be partners in a Firm?
16. State the benefits available for a firm under sec.40(b).
17. On 1<sup>st</sup> April, 2016, the WDV of a block of assets comprising ten machines in production department (rate 15%) is Rs. 12,50,000. A new machine falling with that block is acquired on the 15<sup>th</sup> Dec. 2016 for Rs. 2,00,000. On 24<sup>th</sup> Jan, 2017 all the ten machines were sold for Rs. 50,000 leaving only the newly acquired machine in the block. Determine the amount of depreciation.

P.T.O.

18. Mr. Krishna purchased a piece of Land on 4-1-1978 for Rs 50,000. This Land was sold by him on 2-9-2016 for Rs 15,00,000. The market value of Land as on 1-4-1981 was Rs 1,00,000. Expenses on sale were 2% of transfer price. Compute the Capital Gain (taxable) for the Assessment Year 2017-18. Assume Cost Inflation Index for 2016-17 to be 1125.
19. Compute the tax liability of an individual whose business income is Rs. 9,70,000 and income from house property Rs. 60,000 for the PY 2016-17. His wife is also employed and is getting a salary of Rs. 16,500 p.m.
20. On 1<sup>st</sup> July 2016, Kumar sold shares of AXIS Bank for Rs. 8 lakhs and earned a LTCG amounting to Rs. 3,00,000. On 1<sup>st</sup> February, 2017, he purchased a residential house costing Rs. 4,80,000 for his own residence. Balance amount Rs. 3,20,000 invested in debentures. Find out taxable Capital Gain for the AY 2017-18.
21. Write a note on Defective Return.
22. Compute the tax liability of Mr. Antony for the AY 2017-18, whose Agricultural income is 50,000 and Non-Agricultural income is Rs 6,50,000.

(8 × 2 = 16 Marks)

### SECTION – C

*Answer any SIX questions, each in a paragraph not exceeding 120 words.*

23. Define Agricultural Income. Explain the treatment of Agricultural Income under the Income Tax Act.
24. Explain “Widely Held Company”
25. What is E-Filing of Return? What are the steps involved in it?
26. Briefly mention the General Powers of Income Tax Authorities?
27. Write a Note on deductions under Sec.80P applicable to Co-Operative Society?:
28. A, B and C are partners in a firm with equal shares. The Profit and Loss A/c of the Firm for the year ended 31<sup>st</sup> March, 2017 is as under ;

Interest on Capital @ 12%;	Gross Profit	9,000
A 8,000		
B 7,000	Loss;	
C <u>9,000</u>	A 1,25,000	
24,000	B 1,25,000	
Salary;	C <u>1,25,000</u>	3,75,000
A 1,20,000		
B 1,20,000		
C <u>1,20,000</u>	<u>3,60,000</u>	
	<u>3,84,000</u>	<u>3,84,000</u>

Compute Book Profit and the total Income of the Firm for the Assessment Year 2017-18. The Firm fulfils the condition Sec.184.

29. The Book profit of a Company in the PY 2016-17 computed in accordance with the provisions of the Income tax Act u/s Sec.115JB is Rs 12,00,000. Its total income for the same period is computed at Rs 3,50,000. Is the company liable to pay Minimum Alternative Tax? If yes, how much has to be paid.

30. From the following information relating to the income of a co-operative society for the year 2016-17 Compute total income and the amount of tax payable. The Society's primary engaged in the manufacturing of fruit products (Cottage industry)

	Rs
a) Income from manufacturing marketing of fruit products	80,000
b) Interest on deposits with the Central co-op. society	16,000
c) Income from other business	78,000
d) Income from collective disposal of the labour of its members	16,000
e) LTCG	25,000
f) Income from house property	10,000
g) Interest from Govt. Security	8,000

On an Examination of the books of accounts of the society it has been revealed that it has a donation of Rs 5,000 in cash the National Children's Fund.

31. Mr. A who is totally blind submits the following information compute his total income;

Salary	Rs 2,40,000
Rent received house (p.m)	Rs 30,000
Short Term Capital Gain	Rs 12,000
Dividend from Co-Operative Society	Rs 7,000
Accrued interest on NSC VIII Issue	Rs 3,000
Deposited in PPF	Rs 10,000
Paid Life Insurance Premium	Rs 6,000

(6 × 4 = 24 Marks)

### SECTION – D

*Answer any TWO questions, not exceeding four pages.*

32. What is Income Tax Return? Explain various types of Income Tax Returns and types of Assessment.
33. From the following Particulars of Miss Minal Bhatnagar calculate her total income and tax liability for AY 2017-18

1. Net salary	Rs 6,68,000
2. Business income	Rs 1,83,000
3. Royalty on CBSE Books	Rs 66,000
4. Rent from House Property	Rs 36,000
5. Dividend from Indian Company	Rs 28,500
6. Bank interest on Fixed Deposit	Rs 16,600
7. Income of minor son	Rs 15,500
8. LTCG	Rs 28,000
9. Contribution in P.P.F	Rs 40,000
10. Life Insurance Premium paid	Rs 26,000
11. Medical insurance Premia paid by cheque	Rs 32,000
12. Donation to National Defence Fund	Rs 10,000

34. A, B and C are partners in a firm sharing profit and losses in the proportions of  $\frac{2}{5}$ <sup>th</sup>,  $\frac{2}{5}$ <sup>th</sup> and  $\frac{1}{5}$ <sup>th</sup> respectively. The Profit and loss Account for the year ended 31<sup>st</sup> March, 2017 is as follows:

Rs			
To Sundry Trade Expenses	1,01,800	By Gross Profit b/d	4,90,000
“Interest on Capita @15%		“Interest on Securities	<u>10,000</u>
A	15,000		
B	15,000		
C	<u>15,000</u>		
	45,000		
“Rent to B	30,000		
“Salary to B	72,000		
“Commission to C	36,000		
“Net Profit	<u>2,15,200</u>		
	<u>5, 00,000</u>		<u>5, 00,000</u>

Compute: (i) Total Income of the Firm. The Firm Fulfils the conditions of Sec.184.  
(ii) Taxable income of three partners in the Firm. B and C are working Partners.

35. Kwality Electronics Ltd .is a domestic company in which public is substantially interested.

The following are the particulars of income in respect of the PY 2016-17:

	Rs
i) Interest on Govt: Securities	20,000
ii) Income from business	5,00,000
iii) STCG	15,000
iv) LTCG	33,000
v) Dividend from an Indian Company (Gross)	10,000
vi) Dividend from a Foreign Company	10,000
vii) Book Profit u/s 115-JB	9,00,000

Compute company’s total income and its tax liability.

(2 × 15 = 30 Marks)