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Final Year B.Com. Degree Examination, February 2022

Part III – Paper XV : Optional Paper II

a) TAXATION LAW AND ACCOUNTS – II

(2006 Admission Onwards)

Time : 3 Hours

Max. Marks : 100

SECTION – A

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

1. What is tax management?
2. What is VAT?
3. What is assessment year?
4. Expand CBDT.
5. What is a closely held company?
6. What is a domestic company?
7. What is book profit?
8. What is meant by TDS?
9. What is PAN?
10. What is re-assessment (income escaping assessment)?

P.T.O.

11. What is input VAT?

12. What is revision in income tax?

(10 × 2 = 20 Marks)

SECTION – B

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

13. Explain the features of wealth tax.

14. How assets of business are valued in wealth tax?

15. Write short notes on summary assessment and scrutiny assessment?

16. What are the differences between tax planning and tax management?

17. Explain the rates of income tax in the case of a domestic company.

18. Explain the tax liability of AOPs where shares of members are indeterminate.

19. What are the payments for which no TDS is to be deducted?

20. Explain the provisions relate to (a) Appeal (b) revision

21. Explain about Dividend distribution tax.

22. Divya let out her house to a firm @ Rs. 35,000 p.m. The firm paid 8 months rent to Divya and credited 4 months rent in the books of accounts. What is the amount of TDS to be deducted by the firm?

23. The income chargeable under the head salary (after deducting standard deduction) of an employee Smt. Veena for the previous year ending 31-03-2020, inclusive of all perquisites is Rs. 14,00,000, out of which Rs.3,00,000 is on account of non- monetary perquisites provided. The employer opts to pay tax on such perks. Determine the amount of tax to be deposited by the employer and the tax to be deducted at source by the employer.

24. Nikhil's taxable Income under the head salary is computed at Rs. 8,00,000

Contribution to RPF	:	Rs. 1,00,000
L.I.C premium paid	:	Rs. 20,000 (Policy amount 1,50,000/taken after 01.04.2012)

Purchased shares of eligible issue of capital : Rs. 7,000

Loss under the House Property (interest payment in relation to self- occupied house property) : Rs. 50,000

Compute the amount of tax to be deducted at source during the financial year 2019-2020.

(8 × 5 = 40 Marks)

SECTION – C

Answer **any two** questions. **Each** question carries **20** marks.

25. Explain the concept of VAT, Also explain the registration procedure regarding VAT.

26. What are the offences punishable under the income tax act? What are the defaults which may invite levy of penalty?

27. The profit and loss account of Rakshak ltd engaged in manufacture of goods and shows a profit of Rs.2,00,000 for the year ending 31st March 2020. Income tax officer found the following on verification.

(a) The company has sold an immovable property for Rs. 3,50,000. It has been acquired by the company in 2012 for an amount of Rs. 2,50,000. Its depreciated value as at April, 2019 was Rs. 2,05,000. The company transfers total profit on this account to the capital reserve.

(b) A sum of Rs. 30,000 was found debited to profit and loss account being the penalty imposed by the custom authorities for infringement of import control regulations.

(c) The company had given a donation of Rs. 45,000 to the Prime Ministers draught relief fund by cheque and profit and loss account was debited by this sum.

(d) The company had received dividends from other Indian companies amounting to Rs. 44,750. It was credited to the profit and loss account.

(e) The company had borrowed a sum of Rs. 5,00,000 for investment in the shares of another company which has yet to declare dividends. Interest of Rs. 50,000 calculated at the rate of 10% is debited to the profit and loss account.

(f) The company indulged in speculation and incurred a loss of Rs. 45,000 which was debited to the profit and loss account . There was no other speculative transaction during the year.

Compute the total income of Rakshak ltd for the assessment year 2020-21.

28. P and Q are individuals, who constitute an association of persons, sharing profit and losses in the ratio of 2:1. For the accounting year ended 31st March 2020, the profit and loss account of the business was as under:

Particulars	Rupees in thousands	Particulars	Rupees in thousands
Cost of goods sold	6,250.00	Sales	9,900.00
Remuneration to:		Dividend from companies	25.00
P	130.00	Long-term Capital gains	1,640.00
Q	170.00		
Employees	256.00		
Interest to			
P	48.30		
Q	35.70		
Other expenses	111.70		
Sales-tax penalty due	39.00		
Net profit	4,524.30		
	11,565.00		11,565.00

Additional information furnished:

(a) Other expenses included:

(i) entertainment expenses of Rs. 35.000;

(ii) wristwatches costing Rs. 2,500 each were given to 12 dealers, who had exceeded the sales quota prescribed under a sales promotion scheme;

(iii) employer's contribution of Rs. 6,000 to the Provident Fund was paid on 14 January 2020.

(iv) Rs. 30,000 was paid in cash to an advertising agency for publicity.

(b) Outstanding sales tax penalty was paid on 15 October 2019. The penalty was imposed by the sales tax officer for non-filing of returns and statements by the due dates.

(c) P and Q had, for this year, income from other sources of Rs. 3,50,000 and Rs. 2,10,000, respectively.

Required to:

(i) Compute the total income of the AOP for the assessment year 2020-2021.

(ii) Ascertain the tax liability of the Association for that year:

(2 × 20 = 40 Marks)
