

26019530



26019530



Reg. No.....

Name.....

M.Com. DEGREE (C.S.S.) EXAMINATION, MARCH 2026

Fourth Semester

Faculty of Commerce

CM 010 402—INCOME TAX—ASSESSMENT AND PROCEDURE

(2019 Admission onwards)

Time : Three Hours

Maximum Weight : 30

Section I

PART A

*Answer any **eight** questions.*

Each question carries a weight of 1.

*Each answer should not exceed **one** page.*

1. How is the total income of an AOP computed ?
2. State the provisions relating to book profit under section 40(b).
3. Discuss the conditions for availing MAT credit by a company.
4. Explain the normal tax rates applicable to co-operative societies.
5. What is a defective return ? Explain the procedure for its rectification.
6. Define tax planning. Discuss its main objectives.
7. P, Q and R are partners in a firm in the ratio of 2 : 2 : 1. The following are the particulars of income of the firm for the Financial year ended 31st March, 2025 :
 - (a) Profit from business Rs. 2,20,000.
 - (b) Long-term capital gains Rs. 20,000.
 - (c) Bank interest Rs. 2,000.

The business income of the firm is before making the deduction of the following expenses :

- (i) Remuneration payable to P, Q and R as per Deed Rs. 2,16,000.
- (ii) Unabsorbed depreciation Rs. 30,000.
- (iii) Brought forward business loss Rs. 1,20,000.

Compute the total income of the firm.

Turn over





26019530

8. Lucky Ltd. showed a net profit of Rs. 3,42,000 during 2024-25. Scrutiny of the accounts revealed the following items :

- (a) Donation paid to an approved Public Charitable Trust Rs. 20,000 by cheque.
- (b) Dividend from an India Company Rs. 20,000 (Gross).
- (c) Provision for income tax Rs. 1,00,000.
- (d) Family planning expenses Rs. 20,000.
- (e) Capital expenditure on Family Planning Rs. 1,00,000.
- (f) Bad debts allowed earlier recovered during the previous year Rs. 10,000.
- (g) Interest on bank deposits Rs. 30,000.
- (h) Long-term capital gains Rs. 1,00,000.

There was (a) Unabsorbed depreciation Rs. 35,000 and (b) Unabsorbed capital loss of Rs. 40,000 brought forward from the earlier assessment year. Compute total income of the company for the Assessment Year 2025-26.

9. Alankar College Co-operative Society had the following incomes during the year ended 31-3-2025 :

- (a) Income from college canteen Rs. 28,000.
- (b) Income from merchandise business Rs. 54,000.
- (c) Income from credit facilities given to members Rs. 9,000.
- (d) Interest on Government Securities Rs. 25,000.
- (e) Interest on Debentures (Gross) Rs. 10,000.
- (f) Taxable income from house property Rs. 12,000.
- (g) Dividend (Gross) on shares held in another co-operative society Rs. 4,000.

Compute the gross total income and the total income of the society for the Assessment Year 2025-26.

10. A HUF has estimated the following taxable income for the Financial Year 2025-26 :

Income from house property Rs. 6,80,000.

Profit from business Rs. 7,50,000.

Interest from Fixed Deposit from bank (gross) Rs. 10,000.

Determine the amount payable as on advance tax on prescribed dates during the Financial Year 2025-26.

(8 × 1 = 8)

PART B

*Answer any **six** questions.*

Each question carries a weight of 2.

*Each answer should not exceed **two** pages.*

- 11. State the powers and functions of CBDT.
- 12. Describe different tax saving investment options available to individuals.





26019530

13. Explain scrutiny assessment and best judgment assessment with suitable examples.
14. Define PAN, TAN and TIN. Explain their significance in the taxation system of India.
15. Discuss the conditions to be fulfilled by a charitable trust for claiming exemption of its income.
16. X, Y and Z are equal partners in a firm which disclosed a net income of Rs. 1,75,000 for the year ended 31st March, 2025. Besides, the firm has house property income of Rs. 50,000 before deducting local taxes paid and repairs in the house property amounting to Rs. 5,000 and Rs. 7,500 respectively. Long-term capital gains are Rs. 50,000 on 1-7-2024.

The net income has been calculated taking into account the following :

- (a) Rs. 15,000 paid as rent to Y for the premises.
- (b) Rs. 60,000 paid to Z as salary and Rs. 16,000 paid as salary to A who was admitted to the firm as an equal partner on 1-12-2024 in place of X who retired a day before. Z and A are working partners.
- (c) Admissible depreciation on office furniture Rs. 5,000.
- (d) General expenses Rs. 40,000.
- (e) Bad debts reserve Rs. 15,000.

Compute the total income of the firm and its tax liability assuming that the firm does not fulfil the conditions of section 184.

17. During the previous year 2024-25 there was a profit of Rs. 65,000 to an AOP after charging salary, bonus and interest on capitals to its members. Taxable income of AOP for the same period from house property and long term capital gains was Rs. 1,40,000 and Rs. 12,000 (1.6.2024) respectively. There are three members A, B and C sharing profits losses in 5 : 3 : 2 ratios and their income from business and profession for the Assessment Year 2025-26 is Rs. 1,35,000, Rs. 1,86,000 and Rs. 1,70,000 respectively. In addition to it AOP paid Rs. 6,000, Rs. 10,000 and Rs. 14,000 as interest on capital to A, B and C respectively. Salary paid to A was Rs. 16,000 and bonus paid to B was Rs. 5,000 in this period.

Find total income and tax liability of AOP and members.

18. From the following information compute the total income of a charitable trust and its tax liability for the Assessment Year 2025-26 :
 - (a) Income of the Trust Rs. 10,00,000.
 - (b) Donations-corpus Rs. 5,00,000.
 - (c) Other voluntary donations Rs. 4,00,000.
 - (d) Anonymous donation Rs. 5,00,000.
 - (e) Spent for charitable purposes in India Rs. 8,00,000.

(6 × 2 = 12)

Turn over





26019530

PART C

*Answer any **two** questions.*

Each question carries a weight of 5.

*Each answer should not exceed **five** pages.*

19. Murgha Manufacturers Ltd. is an Indian Company in which the public are substantially interested. Its income for the year ended 31st March, 2025 was derived from the following sources :

- (a) Profits from manufacturing business Rs. 15,00,000.
- (b) Dividend from X Ltd., an Indian Company (Gross) Rs. 1,60,000.
- (c) Dividend from Y Ltd., a Foreign Company Rs. 40,000.
- (d) Interest on Central Government Securities Rs. 20,000.
- (e) Short-term capital gains from transfer a building Rs. 3,80,000. It has paid a sum of Rs. 2,00,000 to the Prime Minister's Drought Relief Fund by cheque and this sum was not deducted while arriving at the sum of Rs. 15,00,000 shown above as profits from the manufacturing products.

The company has deposited Rs. 4,00,000 towards Advance Payments of Tax for the Assessment Year 2025-26.

You are required to calculate the net amount income tax payable by the company for this Assessment Year after giving credit for Advance Payment of tax and tax deducted at source, if any.

20. From the following information relating to the income a co-operative society for the year 2024-25, you are required to compute its total income and the amount of tax payable thereon for the Assessment Year 2025-26. The society is primarily engaged in the manufacturing of fruit products (cottage industry).

- (a) Income from manufacturing and marketing of fruits Rs. 90,000.
- (b) Interest on deposits with the Central Co-operative Society Rs. 16,000.
- (c) Income from other business Rs. 78,000.
- (d) Income from collective disposal of the labour of its members Rs. 16,000.
- (e) Interest from Government Securities Rs. 8,000.
- (f) Long-term capital gains (15.6.2024) Rs. 25,000.
- (g) Income from house property Rs. 10,000.

On an examination of the books of accounts of the society it has been revealed that it has given a donation of Rs. 5,000 by cheque to the National Children's Fund.

21. What is meant by rectification of a tax return ? Explain the powers of the Income Tax authorities regarding rectification of mistakes.
22. Define tax management. Discuss its objectives and scope. State the consequences of poor tax management.

(2 × 5 = 10)

