

26023712



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Reg. No.....

Name.....

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

Fourth Semester

Faculty of Commerce

Elective - Finance

DT04C17—DIRECT TAXES - ASSESSMENT AND PROCEDURES

(2016–2018 Admissions—Mercy Chance)

Time : Three Hours

Maximum Weight : 30

Section A

*Answer any **five** questions.*

Each question carries a weight of 1.

1. What is the treatment of interest paid to partners for income tax purposes ?
2. Discuss the provisions relating to MAT applicable to companies.
3. What is a defective return and explain its consequences ?
4. Explain the provisions relating to Income Escaping Assessment.
5. What is TDS ? State its objectives.
6. How is Net Wealth computed Wealth Tax purposes ?
7. Distinguish between tax planning and tax avoidance.
8. Define tax management and explain its functions.

(5 × 1 = 5)

Section B

*Answer any **five** questions.*

Each question carries a weight of 2.

9. Define book profits of a firm and explain the method of its computation.
10. What are the different heads of income considered while computing a company's total income ?
11. Explain the methods of valuation of assets under the Wealth Tax Act.

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12. Discuss the importance of tax planning for business organizations and professionals.
13. An Association of Persons has 3 members who share profits and losses equally. The profit of the AOP as per its Profit and Loss Account is Rs. 3,90,000 after debiting the following to its Profit and Loss Account :

- (i) Remuneration to members of AOP—Rs. 68,000.
- (ii) Interest on capital to members—Rs. 75,000.
- (iii) Depreciation on fixed assets— Rs. 60,000.

Depreciation allowable is only Rs. 50,000. Compute the tax payable by AOP, if none of the members of AOP has income exceeding the non-tax limits.

14. Profit and Loss Account of ABC Company (a partnership firm of Chartered Accountants) for the year ended 31st March, 2025 is as follows:

	Rs.		Rs.
To Expenses	...	By Audit fees	...
" Depreciation	...	" Receipt, from Clients	...
		For tax advice	...
" Interest on capital	...	" Net Loss	...
to partners	...		
" Remuneration to			
Partners	...		
	1,90,000		1,90,000

Other information :

- (i) Out of expenses Rs. 80,000, Rs. 16,000 is not deductible u/ss36, 37(1) and 43 (b).
- (ii) Depreciation allowable u/s 32 is Rs. 37,000.
- (iii) Interest to the extent of Rs. 800 is not deductible u/s 40 (b).

Compute the deductible remuneration in relation to partner's remuneration and book profit u/s 40 (b).





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15. Jupiter Electro Ltd. is a domestic company in which public are substantially interested. The following are the particulars of income in respect of the Previous Year 2024-25:

- (a) Interest on government securities—Rs. 20,000.
- (b) Income from business—Rs. 4,90,000.
- (c) Short-term capital gains—Rs. 15,000.
- (d) Long-term capital gains (1.10.2024)—Rs. 33,000.
- (e) Dividend from Indian Co. (gross)—Rs. 20,000.
- (f) Book profits u/s 115JB—Rs. 9,00,000.

Compute company's total income and its tax liability.

16. Briefly explain the provisions relating to search and seizure under the Income Tax Act.

(5 × 2 = 10)

Section C

*Answer any **three** questions.*

Each question carries a weight of 5.

- 17. Explain the various types of Income Tax Returns under the Income Tax Act.
- 18. Discuss the powers and responsibilities of Commissioners of Income Tax.
- 19. What is double taxation and explain its causes and effects.
- 20. Discuss the scope and limitations of tax planning for individual tax payers.
- 21. Explain in detail the procedure of appeals and revision under the Income Tax Act.
- 22. The Statement of Profit and Loss of Excel Ltd. for the year ended 31st March 2025.

shows a net profit of Rs. 15,00,000. The Statement of Profit and Loss includes the following items among others :

- (i) Dividend from an Indian Company (Gross)—Rs. 1,00,000.
- (ii) Net rent from house property (let-out to outsiders) after debiting repairs—Rs. 1,000 and municipal tax—Rs. 3,000—Rs. 23,000.
- (iii) Provision for taxation—Rs. 20,00,000.

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- (iv) Cost of maintenance of a liaison office in New York for promoting exports—Rs. 60,000.
- (v) Legal expenses for contesting a suit for eviction from a premises used as a show-room—Rs. 3,000.
- (vi) Expenses for obtaining a loan from a financial institution for acquiring new machinery —Rs. 20,000.
- (vii) Amount embezzled by the cashier of the company, which is irrecoverable—Rs. 15,000.

Compute the total income of the company for the Assessment Year 2025-26.

(3 × 5 = 15)

