



11225

III Semester M.Com. Examination, April/May 2024
(CBCS)
COMMERCE

3.5 : ATX – Direct Tax and Planning

Time : 3 Hours

Max. Marks : 70

Instruction : Answer *all* the questions as per *instructions*.

SECTION – A

Answer **seven** questions from the following. **Each** question carries 2 marks.

(7×2=14)

1. a) What is Tax planning ?
- b) What is the time frame for Advance Payment of Tax for Company ?
- c) What is Depreciation ?
- d) State the Provisions U/S 40A (3) for payment through cash.
- e) Write any two principles of Direct Taxation.
- f) What is the Annual Finance Act ?
- g) What is double taxation ?
- h) What is the exemption limit of net wealth chargeable to wealth tax ?
- i) What is MAT as per 115JB ?
- j) Define tax deducted at source.



SECTION – B

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

(4×5=20)

2. Write a short note on :
 - a) Advance Payment of Tax.
 - b) Person liable for advance tax.
3. Explain the various factors that led to the abolition of wealth tax.
4. Explain the conditions for carrying forward losses to subsequent years.
5. Mr. Arun has a gross total income of Rs. 10,00,000 which included Rs. 10,000 as long-term capital gain for the assessment year 2023-24. During the year Mr. Arun made the following donations :

	Rs.
a) National defence fund	10,000
b) Prime Minister's National Relief Fund	1,00,000
c) To Family Planning Associations of India	40,000
d) All India Congress Party (Recognised political party)	1,00,000
e) University of Allahabad (Notified as institute of National Eminence)	50,000
f) Notified Charitable Hospital	50,000
g) To clean Ganga Fund	20,000
	3,70,000

P.T.O.



In addition to the above he paid life insurance premium of Rs. 25,000 on a policy of Rs. 2,00,000 which he acquires on 10th march, 2023. You are required to advise your client and compute the relief in respect of donations and life insurance premium.

6. Nirmal Ranjan Trade limited closes its accounts on 31st March every year. For the year 2023-24, the following details are given :

	Rs.
a) Income from royalty from a foreign company	2,00,000
b) Income from units of UTI	10,000
c) Dividend from a Co-operative Society	50,000
d) Dividend from foreign company	1,50,000
e) Income from house property	31,500
f) Long term capital gain	60,000
g) Income from business (computed) the business was stated in the backward state in 2004-2005.	3,00,000

Compute taxable total income for the A.Y. 2022-23. (under the existing tax regime and alternative tax regime 115BAC)

7. Calculate the amount of depreciation on the assets of Mill Ltd. from the following particulars :

S.no.	Block of assets	WDV on 1-4-2022 (Rs.)	Additions made on 1-6-2022 (Rs.)	Rate of Depreciation
1.	Factory building	15,00,000	7,00,000	10%
2.	Residential building	5,00,000	9,00,000	5%
3.	Plant and Machinery	31,00,000	11,00,000	10%
4.	Furniture	35,000	—	10%
5.	Cars	75,000	—	15%

The part of factory building which was destroyed by fire, for that insurance accepted the claim for Rs. 70,000 and scrap value realised amounted to Rs. 15,000. Residential building consists of residential units whose plinth area does not exceed 80 sq. meters each.

SECTION – C

Answer **any three** questions. **Each** question carries **12** marks.

(3×12=36)

8. X Ltd. is a closely held company, is engaged in the business of manufacturing of chemical goods (value of plant and machinery owned by the company is Rs. 55 lakhs). The following information for the financial year 2022-23 is given.

X Ltd. engaged in the business of manufacturing of garments.

Particulars

Sale proceeds of goods (domestic sale)
Sale proceeds of goods (export sale)

Rs.

22,23,900
5,76,100





Amount withdrawn from general reserve (reserves was created in 1996-97) by debiting P and L A/c	2,00,000
Amount withdrawn from revaluation reserve	1,50,000
	31,50,000
Less : expenses :	
Depreciation (normal)	6,16,000
Depreciation (extra depreciation because of revaluation)	2,70,000
Salary and wages	2,10,000
Wealth-tax	10,000
Income-tax	3,50,000
Outstanding customs duty (not paid as yet)	17,500
Proposed dividends	60,000
Consultation fees paid to a tax expert	21,000
Other expenses	1,39,000
Net profit	14,56,500

For tax purpose the company wants to claim the following :

- Deduction under Section 80-IB (30 percent of Rs. 14,56,500).
- Depreciation under Section 32 (Rs. 5,36,000).

The company wants to set off the following losses/allowances :

	For tax purpose	For accounting purpose
Brought forward loss of 2016-2017	14,80,000	4,00,000
Unabsorbed depreciation	—	70,000

Compute the net income and tax liability of X Ltd., for the assessment year 2023-2024 assuming that X Ltd., has a deemed long-term capital gain of Rs. 60,000 under provision (i) to Section 54D (2) which is not credited in statement of profit and loss.

9. The following are the particulars of income and losses of Mr. Gowda. Calculate total income for the assessment year 2023-2024.

	Rs.
Profit from business A	90,000
Loss from business B	30,000
Loss from speculation business C	70,000
Short-term capital gain	60,000
Long-term capital loss	30,000
Interest on securities	34,500
Income from owning and maintenance of race horses	25,000
Income from lotteries (gross)	30,000
Income from card games	26,000
Loss from card games	16,000





Mr. Gowda has the following brought forward losses :

Long term capital loss of the assessment year 2020-21	14,000
Short term capital loss of the assessment year 2021-22	20,000
Unabsorbed depreciation of the assessment year 2019-20	35,000
Loss from owning and maintaining race horses	
Of the assessment year 2018-19	20,000
Of the assessment year 2019-20	28,000
Brought forward loss of business A of the Assessment Year 2016-17	28,000

10. Calculate depreciation on the following assets :

Assets	WDV on 1-4-2022 (Rs.)	Rate of Depreciation
Building A	4,25,000	5%
Building B	3,65,000	10%
Building C	4,10,000	10%
Furniture	20,810	10%
Plant and Machinery A	5,30,000	30%
Plant and Machinery B	2,10,000	15%

Following assets have been purchased and installed during the previous year 2022-23 on 10-11-2022, but plant C was acquired in April 2022.

Assets		Actual Cost Rs.	Rate of Depreciation
Plant	✓ C	1,08,000	40%
Plant	D	2,40,000	30%
Plant	E	3,40,000	15%
Building	<u>D</u>	4,00,000	10%
Building	<u>E</u>	1,00,000	5%

Following assets have been sold during the previous year.

		Sale consideration Rs.
Building	B	5,25,000
Plant	A	2,70,000

Rs. 75,000 were also spent to renovate and modify building A. Rs. 1,00,000 has also been spent in May 2022 on machinery B to make it suitable for the new system of production.

- What specific infrastructure projects or undertakings does the company operate and are they eligible for deductions under Section 80IA ?
- Explain the qualifying amount U/S 80G. Who is entitled to it and explain the provision of Act in this connection ?

