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Avinashilingam Institute for Home Science and Higher Education for Women
Deemed to be University Estd. u/s 3 of UGC Act 1956, Category A by MHRD (now MoE)
Re-accredited with A++ Grade by NAAC. CGPA 3.65/4, category I by UGC
Coimbatore - 641 043, Tamil Nadu, India

Bachelor's Degree Examination – May 2025
VI Semester

Class : III UG
Major : Commerce / B.Com PA / Corporate Secretaryship.

Time : 3 Hours
Max. Marks : 100

21BCOC25 / 21BCPC29 Income Tax Law and Practice – II / 21BCRC26 Direct Taxes- II

Course Outcomes:

- CO1: Familiar with administrative set up of central board of Direct Tax.
CO2: Able to e- file income tax returns.
CO3: Recollect the Income tax provision relating to tax deduction at source and advance payment of tax.
CO4: Ability to compute income of individuals and firms.
CO5: Ability to compute tax credit and provisions relating to assessment of companies.

Part A

10 x 1 = 10

Choose the Correct Answer

1. The CBDT operates under, which ministry of the Government of India?
a. Ministry of Finance
b. Ministry of Commerce and Industry
c. Ministry of Corporate Affairs
d. Ministry of Home Affairs
CO1K1
2. Which section of the Income Tax Act deals with the filing of appeals to the Income Tax Appellate Tribunal (ITAT)?
a. Section 246
b. Section 253
c. Section 260A
d. Section 264
CO1K1
3. A belated return can be revised_____
a. Only once
b. Multiple times before the end of the relevant Assessment Year
c. Cannot be revised at all
d. Only with the approval of the Assessing Officer
CO2K1
4. Reassessment can be conducted for a maximum period of_____
a. 2 years from the end of the relevant Assessment Year
b. 4 years from the end of the relevant Assessment Year
c. 6 years from the end of the relevant Assessment Year
d. 10 years from the end of the relevant Assessment Year
(if income escaping exceeds ₹50 lakhs)
CO2K1
5. Which of the following is mandatory for filing TDS returns?
a. TAN
b. PAN
c. Aadhaar
d. GSTIN
CO3K1
6. TDS on professional or technical services (Section 194J) is_____
a. 2% for technical services, 10% for professional services
b. 10% for both technical and professional services
c. 15% for professional services, 2% of technical services
d. 5% for technical services, 1% for professional services
CO3K1
7. Income received by HUF from the personal skill or profession of a member is_____
a. Taxable in hands of HUF
b. Taxable in hands of individual member
c. Exempt from tax
d. Clubbed with spouse's income
CO4K1
8. The surcharge is applicable on individuals if their total income exceeds_____
a. ₹1 crore
b. ₹2 crores
c. ₹50 lakhs
d. ₹5 crores
CO4K1
9. MAT is applicable on the book profit as shown in_____
a. Cash Flow Statement
b. Income Tax Return
c. Bank Statement
d. Profit and Loss Account prepared as per Companies Act
CO5K1

10. A foreign company is deemed to be a resident in India if _____.

CO5K1

- a. It is incorporated in India
- b. Its Place of Effective Management (POEM) is in India
- c. Its shareholders are Indian residents
- d. It pays dividend to Indian shareholders

Part B

5 x 6 = 30

Answer ALL questions

Each answer should not exceed 400 words or two pages

11.a. What factors are considered while determining the jurisdiction of an Assessing Officer?

CO1K2

(or)

11.b. Under what conditions can the legal representative of an assessee claim a tax refund?

CO1K2

12.a. Discuss about E-Filing Process under the Income-tax Act.

CO2K3

(or)

12.b. What is Best Judgment Assessment? What are the circumstances under which it can be made?

CO2K3

13.a. What is Self-Assessment Tax? Explain its calculation and payment process.

CO3K4

(or)

13.b. Explain the procedure for deducting Tax at Source on various payments under Income Tax Act..

CO3K2

14.a. For the accounting year ended 31st March, 2024 Mr. Shashi Kant Furnishes the following particulars of his Income.

CO4K4

	Rs.
i. Salary received in India	60,000
ii. Profit from business in Germany but received in India	15,000
iii. Income from house property in Pakistan deposited in bank there	12,000
iv. Profit from business established in Bangladesh but business is Controlled from India	46,000
v. Income accrued in India but received in Sweden	25,000
vi. In this accounting year Mr. Shashi Kant has brought into India foreign Income of earlier years	42,700
vii. Profit from sale of plant at Mumbai (50% received in Bangkok)	1,60,000
viii. Interest on Japan Development Bonds (60% received in India)	1,00,000

Compute his total Income if

- a) He is resident
- b) He is not Ordinarily resident, or
- c) He is non resident.

(or)

14.b. Profit and Loss Account of ABC and Co. (a firm of chartered accountants) For the year ending 31-3-2024 is as follows :

CO4K3

	Rs		Rs.
Expenses	10,000	Receipts from clients	1,35,000
Depreciation	75,000	Bank Interest	25,000
Remuneration to working partners	80,000	Net Loss	42,500
Interest on Capital to partners @ 20%	37,500		
	2.02,500		2.02,500

Other information:

- i. Out of expenses of Rs. 10,000 Rs. 6,400 is not deductible by virtue of section 36 and 37.
 - ii. Depreciation as per section 32 is Rs. 27,500.
- Find out the amount of net income of the firm for the assessment year 2024-2025. The remuneration and interest on capital to partners have been paid according to partnership deed which has been submitted along with return

15.a. The total income of ABC Ltd: a domestic company, computed under the normal provisions of IncomeTax Act is Rs. 5,00,000. However, the book profit of the company (calculated as per section 115 JB) amount to Rs. 14,50,000. Calculate the tax liability of the company for the assessment year 2024-25. What is the amount of tax credit available to the company?

CO5K3

(or)

- 15.b. Prasanth Traders Limited is company in which the public are substantially interested. It closes its accounts on 31st March every year. During the current year, it has derived the following incomes :
- Profit from tile manufacturing unit at Lucknow Rs. 3,20,000.
 - Profit from trading activities at Lucknow Rs. 1,00,000
 - Interest on debentures of a company which is a domestic company producing cement Rs. 25,000(gross)
 - Dividend from a foreign company Rs. 10,000 .
 - Profit from an approved hotel started in February 2001 at Kanpur Rs. 2,10,500. Capital employed being Rs. 15,00,000 and Normal Depreciation Rs. 60,000 has not been charged in the calculation of above profit.
 - The company passed on a certain formula for manufacturing tiles to another company in Uganda and received royalty there from Rs. 2,10,000.
 - Brought forward unabsorbed depreciation Rs. 39,000.
- Book-profit as per section 115 JB Rs. 25,00,000.
You required calculate total income of the company & final tax liability of the company.

CO5K2

Part – C

5 x 12 = 60

Answer All questions

Each answer should not exceed 800 words or four pages

- 16.a. Explain the key functions and responsibilities of the Central Board of Direct Taxes (CBDT). CO1K4
- (or)
- 16.b. Describe the procedure of constitution of appellate Tribunal. Give the procedure for filing an appeal to the Appellate Tribunal. CO1K3
- 17.a. From the particulars given below compute the amount of income-tax and interest payable by the assessee for the assessment year 2024-25 : CO2K4

	Rs.
Total income as per return of income filed by assessee	4,50,000
Total income as assessed by Assessing Officer	5,18,000
Tax deducted at source	5,200
Advance tax paid	5,800
Tax deposited at the time of self assessment	1,000
Date of filing of return	2-12-2024
Due date of filing of return	31-7-2024

(or)

- 17.b. Discriminate the procedure for obtaining a Permanent Account Number. CO2K3
- 18.a. Discuss the various payments and transactions subject to TDS with relevant sections and rates. CO3K3
- (or)
- 18.b. Explain Self-Assessment Tax under the Income Tax Act. Discuss its calculation, payment process, and implications of non-payment. CO3K4
- 19.a. Given below is the profit and loss account of Shri Ram for the year ended 31-3-2024. CO4K4

Dr.	Rs.	Cr.	Rs.
To Salaries	7,000	By Gross Profit	50,000
To Drawings	8,000	By Interest on Post Office Saving Bank Account	3,600
To Insurance Premium on his life	1,000	By Proceeds from LIC	3,400
To Depreciation	4,500	By Interest on Bank deposits (fixed deposit)	3,600
To Donation to the recognised institutions	500		
To General expenses	2,600		
To Education expenditure on his three dependent sons in England	6,600		
To Provisions for doubtful debts	1,500		
To Income-tax	2,000		
To Rent	1,700		
To Net Profit	25,200		
	60,600		60,600

Compute his taxable income for current assessment year under old tax regime after taking the following information into consideration:

- (a) The amount of depreciation allowance is Rs. 4,000
 (b) General expenses include Rs. 600 for his private expenses.

(or)

19.b. Following is the profit and loss account of M/s Himachal Traders, a partnership firm (covered u/s 184 for the year ending 31-3-2024.

CO4K4

	Rs.		Rs.
Salary to Staff	2,60,000	Gross profit	14,20,000
Bad debts	20,000	Rent from house property	60,000
Bad debt provision	5,000	Interest an securities	5,000
Transport expenses	50,000	LTCCG on sale of a plot	1,00,000
Donation to National Blood			
Transfusion council	20,000		
General office expenses	3,00,000		
Partner's Salaries : Rs.			
Sham 1,80,000	3,24,000		
Vaishali 1,44,000			
Interest an capital			
Sham 14% p.a. 28,000			
Vaishali 16% p.a. 32,000	60,000		
Net profit			
Sham 2,73,000			
Vaishali 2,73,000	5,46,000		
	15,85,000		15,85,000

- (i) Salaries and interest to partners have been paid as per deed.
 (ii) General office expenses Rs. 30,000 paid to a tax consultant in cash.
 Calculate the Total income and Tax liability of firm.

20.a. In Indian company carries on business in Motor Transportation. Its Profit and Loss Account for the previous year 2023-24 shows a net profit of Rs. 5,61,300. Find out Total Income and tax liability of the company after taking into consideration the following particulars.

CO5K4

- i. The statement of P&L was charged with following expenses:
 - Rs. 4,50,000 as depreciation
 - Rs. 56,250 as Bad debt reserve.
 - Rs. 15,000 spent to obtain a new licence and the company was able to get it.
 - The engine of a very old bus was replaced by a new one by spending Rs. 75,000.
 - Mr. X a retiring director, was paid Rs. 80,000 as gratuity in appreciation of his services. In the past, the company never paid such a gratuity to any of its retiring directors and even the services conditions did not provide for the payment of such gratuity.
- ii. The Statement of P&L was found credited with following incomes.
 - Agricultural receipts Rs. 75,000
 - Rs. 12,000 as interest from an Indian Co. on its debentures. (Gross)
- iii. Capital gain on sale of Motor Car Rs. 25,000 (Short term)
- iv. As per the rates applicable in the current year, the amount of depreciation comes to Rs. 3,00,000
- v. The book profit of the company under section 115JB Rs. 24,00,000.

(or)

20.b. Discuss about the classification of companies under the Income Tax Act with relevant examples.

CO5K3
