



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

Continuous Internal Assessment Test II – April 2025

VI SEMESTER

Class : III UG

Major : B.Com/ B.Com(PA) / Corpsec

Time: 2 hours

Maximum Marks: 60

21BCOC25/21BCPC29 Income Tax Law and Practice II

Course Outcomes:

At the end of the course, students will:

1. Familiar with administrative set up of central board of Direct Tax.
2. Able to e- file income tax returns.
3. Recollect the Income tax provision relating to tax deduction at source and advance payment of tax.
4. Ability to compute income of individuals and firms.
5. Ability to compute tax credit and provisions relating to assessment of companies.

Part-A

6x1=6

Choose the correct answer

1. The main objective of Tax Deducted at Source (TDS) is CO3K1
 - a) To increase the tax rate
 - b) To reduce the overall tax collection
 - c) To collect tax at the time of income generation
 - d) To encourage taxpayers to file their returns
2. The rate of TDS on rental payment of plant, machinery or equipment is CO3K1
 - a. 1 %
 - b. 2%
 - c.10%
 - d.20%
3. Health & educational cess calculated on: CO4K1
 - a. Total Income
 - b. Tax on total Income
 - c. Taxable income
 - d. Agricultural income
4. Where a member of a HUF has converted or transferred his self-acquired property for inadequate consideration into joint family property, income arising there from is taxable: CO4K2
 - a. As the income of the Transferor Member
 - b. In the hand of the HUF
 - c. In the hands of Karta of HUF
 - d. Completely exempt from tax
5. The frequency in which POEM has to be determined is: CO5K1
 - b. Once in 5 years
 - b. Twice a year
 - c. Year to year basis
 - d. Only when the company is incorporated
6. If a company defaults on filing TDS returns, what is the penalty under Section 234E?
(a) ₹100 per day (b) ₹200 per day (c) ₹500 per day (d) ₹10,000 per assessment year

Part- B

3x6=18

Answer ALL Questions

Each answer should not exceed 400 words or two pages

7. a. What is the procedure for filling out the application to obtain a TDS Number? CO3K2
(or)
- 7.b. What are the obligations of a person making a payment under the TDS provisions? CO4K3
- 8.a. Taxable Income of Mr. Rai aged 65 years is ₹ 19,00,000. He claimed deduction of ₹ 3,00,000 u/s 80 QQB. Calculate his tax liability for the Assessment year 2024-25 under old tax regime keeping in view the provisions of Alternate Minimum Tax. CO4K2
(or)
- 8.b) Who is liable to pay advance tax, and what are the conditions for its applicability? CO5K2
- 9.a. The total income of XYZ Ltd; a domestic company, computed under the normal provisions of Income Tax Act is Rs.5,00,000. However the book profit of th 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)
- 9.b. Write a brief note on tax credit

Part-C

3x12=36

Answer ALL questions

Each answer should not exceed 800 words or four pages

10. a. Explain the provisions regarding deduction of tax at source under the head salaries. CO3K2
(Or)
- 10.b. Discuss items in which tax is collected at the source. CO3K2

11.a) Assessment of Individual, HUF, Firms – Computation of Total Income and Tax Liability, From the particulars given below, compute the total income and tax payable (Ignore section 115BAC) by Mr. Deb, A Central Govt. Employee working at Chandigarh CO4K3

Particulars	Amount
(1) Salary	₹ 25,000 p.m
(2) D.A. @ 50% of Salary	
(3) T.A. Bill	
- Actual Expenditure	₹ 5,000 p.a
- Bonus	₹ 6,000 p.a
(4) His contribution to Statutory Provident Fund	₹ 2,500 p.m
(5) Employer's contribution to S.P.F.	10% of salary
(6) Interest on accumulated Balance of S.P.F. @ 13%	₹ 12,000
(7) Entertainment Allowance	₹ 1,000 p.m

- II. He owns two houses, one of which is let out at a rent of ₹ 4,000 p.m. and other (whose annual value is ₹ 10,000) remained vacant throughout the year on account of his employment at Ambala where he has taken a house on rent. The two houses are subject to Municipal Taxes of ₹ 5,000 and ₹ 1,000 respectively.
- III. During the year he sold shares of Hero Honda Ltd. and earned a short-term capital gain of ₹50,000. [STT paid]
- IV. He earned ₹ 11,500 as interest from Government securities and bank interest on SBI fixed deposits ₹ 11,000 and on a saving account ₹ 20,600.
- V. He pays Life Insurance premium of ₹ 25,000 on his life policy of ₹ 4,00,000. He deposited ₹10,000 in Home Deposit Account.

(Or)

11.b) A, B and C are partners in a firm assessed as firm sharing profits and losses in the proportion of 3:2:1. The firm's Profit and Loss Account for the year ended 31st March, 2024 showed a net profit of Rs.1,17,360 after debiting inter-alia the following amounts: CO4K3

- Salary of Rs.4,000 paid to C.
- Rent of Rs.9,000 paid to A for the portion of building owned by A in which the firm's office was situated.
- Interest on capital @ 10% is Rs.1,000; Rs.2,000 and Rs.3,000 to A, B and C respectively.
- Commission on sales to B, Rs.1,000
- Expenses on current repairs of the business premises belonging to partner A. Rs.1,000. The rent agreement does not contain any provision regarding repairs by the firm.
- Donation to Shri Sai Baba Sansthan Trust Shirdi (approved), Rs.5,000.

The net profit of Rs.1,17,360 included Rs.10,400 from interest on Government securities. Compute firm's total income for the assessment year 2024-25. The deed was submitted along with return and it provides for salary to C Rs.4,000 p.a. and interest on capital to partners @ 10% p.a. Also compute partner's income chargeable to tax under the head "Profits and Gains".

12.a) An Indian company carries on business in Motor Transportation. Its statement of Profit & Loss for the previous year 2023-24 shows a net profit of Rs.2,80,610. Find out Gross Total Income and Tax liability of the company after taking into consideration the following particulars. CO5K3
The statement of Profit & Loss was debited with following expenses:

- Rs.2.50,000 as depreciation.
- Rs.18.750 as Bad Debt reserve.
- Rs.10,000 spent to obtain a new license and the company was able to get it.
- The engine of a very old bus was replaced by a new one by spending 60,000.
- Mr. X, a retiring director, was paid Rs.60,000 as gratuity in appreciation his services. In the pa the company never paid such a gratuity to any of its retiring directors and even the service conditions did not provide for the payment of such gratuity.

The statement of Profit and Loss was found credited with following incomes:

- Agricultural receipts of Rs.65,000.
- Rs.12,000 received as net interest from an Indian Co. on its debentures.
- Capital gain on sale of Motor Car 20,000 (Short Term).
- As per the rates applicable in the current year, the amount of depreciation comes to Rs.1,65,000 Book Profit as per section 115 JB Rs.76,00,000.

(Or)

12.b) b) Explain the special provisions relating to assessment of companies CO5K4

No. of Copies : 125

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