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**M,Com, 2nd Semester Examination**

**Commerce**

**PAPER : COM-203**

**( Income Tax )**

*Full Marks : 40*

*Time : 2 hours*

*The figures in the right-hand margin indicate marks.*

*Candidates are required to give their answers  
in their own words as far as practicable.*

*Illustrate the answers wherever necessary.*

**PAPER : COM-203.1**

**1.** Answer *any two* questions of the following : 5×2

- (a) How is the residential status of a company determined? Which companies are treated as companies in which public are substantially interested [Sec 2(18)]?

1+4

- (b) Mr. Bimal, aged 42 years, paid medical insurance premium of ₹ 22,000 during the PY 2022-23 to insure his health as well as the health of his spouse and dependent children. He also paid medical insurance premium of ₹ 33,000 during the year to insure the health of his mother, aged 69 years, who is not dependent on him. He incurred medical expenditure of ₹ 20,000 on his father, aged 71 years, who is not covered under mediclaim policy. His father is also not dependent upon him. He contributed ₹ 6,000 to Central Government Health Scheme during the year. Compute the deduction allowable under Section 80D for the AY, 2023-24 if Mr. Bimal has exercised the option of shifting out of the default tax regime provided under Section 115BAC(1A).

Mention the deduction u/s 80GGB of the Income-tax Act.

3+2

- (c) Write the concept of Minimum Alternate Tax.

The net profit of Amul Ltd., an Indian company, is ₹ 90,00,000 after debiting and crediting the following items :

	₹
Provision for income tax	5,00,000
Provision for deferred tax	3,00,000

	₹
Proposed dividend	7,50,000
Depreciation including depreciation on revaluation of assets ₹ 20,00,000 debited to Profit & Loss A/c	60,00,000
Profit from industrial unit in SEZ area	80,000
Provision for permanent diminution in the value of investments	70,000
Compute tax liability under Section 115JB for the AY 2023-24.	2+3

2. Answer *any one* question of the following : 10

(a) Mr. Amal submits the following information for the financial year ending 31st March, 2023. You are required to—

- (i) compute the total income;
- (ii) ascertain the amount of losses that can be carried forward :

Particulars	₹
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I. **Two Houses :**

(a) House No. I—Income after all statutory deductions	72,000
(b) House No. II—Current year loss	30,000

II. **Three Businesses :**

(a) Textile Business :	
Discontinued from 31st Oct., 2022—	
Current year loss	40,000
Brought forward business loss of AY, 2018-19	95,000

(b) Chemical Business :

Discontinued from 1st March, 2020.

hence no profit/loss

Nil

Bad Debts allowed in earlier years recovered

during this year

35,000

(c) Leather Business : Profit for the current year 1,00,000

(d) Share of profit in a firm in which he is

partner since 2005

16,550

III. (a) Short-term capital gain

60,000

(b) Long-term capital loss

40,000

IV. Contribution to LIC towards premium

10,000

6+4

(b) Write notes on the following :

2½×4

(i) Carry forward and set off of Losses  
of Specified businesses

(ii) Revenue and Capital Receipts as  
per Income Act

(iii) Indian Company

(iv) Book Profit of a company

### PAPER : COM-203.2

3. Answer *any two* questions of the following :

5×2=10

(a) Calculate the amount of interest under  
Section 234A as per assessment on the  
basis of the information given by Mr.  
Honest for the AY, 2023-24 :

Declared income : ₹ 8,75,000

Date of filing return : December 5, 2023

Income as per assessment : ₹ 9,10,000

Advance tax instalments paid :

First : ₹ 5,760

Second : ₹ 21,350

Third : ₹ 31,290

Fourth : ₹ 10,520

Tax deducted at source : ₹ 7,500

The date of completion of assessment is February 10, 2024 (Assume that Mr. Honest has opted to be taxed under the new regime)

- (b) Discuss the terms 'tax planning' and 'tax evasion'. 3+2
- (c) Rahul Roy owns a business in Kolkata. He initially estimated his income to be ₹ 9,50,000 for the AY 2023-24. In the month of August 2022, he earned a short-term capital gain of ₹ 29,600 on sale of listed equity shares. In November, he incurred loss of ₹ 35,000 on sale of land which he held for 42 months. Furthermore, in January, 2023, he earned lottery income of ₹ 3,000. On the basis of the given information, you are required to compute the advance tax instalments to be paid on different dates, assuming *that the assessee opts out of the new tax regime.*

4. Answer *any one* question of the following : 10

- (a) (i) Mrs. Chitra Chatterjee, who has opted to be taxed u/s 115BAC, is an employee of Shyam Ltd. As per her salary structure, her estimated income from salaries for the AY 2023-24 is ₹ 8,50,000 after providing for standard deduction of ₹ 50,000 u/s 16(ia). She mentions that her interest incomes from savings account and fixed deposits will be ₹ 3,600 and ₹ 20,000 respectively. On 31st August, 2022 she resigned and joined Dhyan Ltd. from 1st September, 2022 on a salary of ₹ 95,000 per month

If the amount of TDS is ₹ 12,000 and her investment in PPF in April, 2022 is ₹ 45,000, you are required to compute the following :

- (A) Tax deduction per month by Shyam Ltd  
(B) Tax deduction per month by Dhyan Ltd.

- (ii) Bubbly Ltd. gives you the following information :

Income as per assessment : ₹ 11,00,000

Date of completion of assessment : March 11, 2024

Tax deduction at source : ₹ 28,500

Advance tax instalments paid :

15th June, 2022 : ₹ 45,650

15th September, 2022 : ₹ 42,490

15th December, 2022 : ₹ 1,05,000

15th March, 2023 : ₹ 20,000

You are required to compute interest  
u/s 234B as per assessment. (3+3)+4

- (b) (i) Perky Ltd. is thinking of expanding its business. It needs a machinery (depreciation rate—10%) costing ₹ 32 lacs which has a life of five years. The estimated scrap value of the machine is ₹ 4 lacs.

The company has two options of getting the machine as detailed below :

Option—A : To purchase the machine using own funds, and

Option—B : To purchase the machine using 50% owned fund and 50% debt fund. The terms of the loan are as follows :

Loan tenure : 5 years

Interest rate @ 13% p.a.

Principal repayment will be made at the end of the loan tenure.

Loan processing fee : ₹ 10,000

If the cost of capital is 15%, suggest which one is a better option for the company. (Assume that the tax rate is 30% and depreciation is charged on straight line method basis).

- (ii) Write a short note on faceless assessment. 6+4

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