D 143083 **(Pages : 4)** **Name.......................................**

Reg. No...................................

FOURTH SEMESTER M.Com. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, APRIL 2026

(CBCSS)

Master of Commerce

MCM 4C 15—INCOME TAX LAW, PRACTICE AND TAX PLANNING—II

(2019 Admission onwards)

Time : Three Hours Maximum : 30 Weightage

Answer should be written in English only.

Part A

Answer any **four** *questions.*
Each question carries 2 *weightage.*

1. What are the specific deductions from gross profit of a firm ?
2. Differentiate AOP and BOI.
3. What is MAT credit ?
4. Explain provisions for taxability of anonymous deductions in a trust.
5. Explain tax planning related to shut down or continue decision of a business.
6. What is deemed dividend.
7. Book profit as per MAT provisions of a company is Rs. 16,50,000 and the normal profit earned by the company is Rs. 18,20,000. Compute tax payable by the company.

(4 × 2 = 8 weightage)

Part B

Answer any **four** *questions.*
Each question carries 3 *weightage.*

8. Explain the residential status and incidence of tax of companies.
9. What are the different types of trusts.
10. Explain tax planning related to capital structure decisions.

Turn over

11. The following is the information provided by ABC Associates, a partnership firm.

Salary to partners	...	5,60,000
Interest to partners (16 %)	...	2,00,000
Net profit of the firm	...	1,20,000

Compute the taxable income of the firm.

12. The "Global Education Trust" reports the following receipts for the financial year :

- Income from Rent : ₹ 5,00,000
- Voluntary Contributions (General) : ₹ 3,00,000
- Voluntary Contributions (with specific direction to form part of the Corpus) : ₹ 2,00,000
- Administrative expenses for charitable activities : ₹ 4,50,000

Compute the total income of the trust.

13. A company requires 50000 units of a component every year for the next five years. The component can either be manufactured or purchased from the market. The cost of manufacturing per unit will be as follows:

- Material cost – Rs. 10, labour cost – Rs. 8, variable overhead – Rs. 2
- If the company manufactures the component, it has to purchase a machine by taking a loan from the bank. The present value of the net cash outflow for five years will be Rs. 5,00,000.

The component is available in the market at (a) Rs. 20 per unit ; (b) Rs. 25 per unit.

Advise the company whether to manufacture the component or buy it from the market.

14. From the following data of a cooperative society, you are required to calculate the total income of the society.

- Income from running a hospital canteen—Rs. 42,000
- Income from retail business—Rs. 2,08,000
- Income from credit facilities given to members—Rs. 20,000
- Interest on Government securities—Rs. 50,000
- Rent received from a let-out building—Rs. 20,000
- Dividend on shares held in another co-operative society—Rs. 13,000

(4 × 3 = 12 weightage)

Part C

Answer any **two** *questions.*
Each question carries 5 weightage.

15. Explain the assessment of co-operative societies, and deductions under Sec. 80P.

16. A, B and C are members of an AOP whose P and L account is as follows :

Particulars	Amount	Particulars	Amount
General expenses	8,800	Gross profit	13,800
Salary to A	1,500	Interest on securities	
Commission to B	4,000	(gross)	2,000
Interest on capital		Net loss	
A – 1200		A – 1400	
B – 1000	2,200	B – 1400	
Charity	500	C – 1400	
Bad debt	600		4,200
Bad debt reserve	1,900		
Rent for the shop	500		
	20,000		20,000

Calculate the total income of the AOP and allocate the income to the members.

17. X Co. Ltd. has provided the following information for the year ended 31.3.2025 :

Total income computed as per provisions of the Income Tax Act : ₹ 20,00,000

Profit as per Statement of Profit and Loss : ₹ 50,00,000

(A) Items deducted in Statement of Profit and Loss :

(a) Provision for Income Tax : ₹ 6,50,000

(b) General Reserve : ₹ 40,000

(c) Provision for deferred tax : ₹ 60,000

(d) Provision for gratuity on actuarial valuation : ₹ 1,50,000

Turn over

(e) Dividend declared : ₹ 2,50,000

(f) Expenditure to earn agricultural income: ₹ 1,00,000

(g) Depreciation (includes ₹ 2,00,000 on revaluation of assets) : ₹ 4,50,000

(B) Items added in Statement of Profit and Loss :

(a) Transfer from special reserve : ₹ 2,00,000

(b) Agricultural income : ₹ 4,00,000

Brought forward business loss as per the books of account : ₹ 8,00,000

Brought forward depreciation as per the books of account : ₹ 7,00,000

You are required to compute :

(a) Tax payable by the company ; and

(b) Tax Credit to be carried forward, if any.

18. The Jyothi Charitable Trust, registered u/s 12AB, provides the following information for the financial year. Compute the Taxable Income and Tax Liability of the Trust.

Particulars		Amount
Income from property held for charitable purposes	...	12,00,000
Voluntary contributions	...	8,00,000
Anonymous donations	...	3,00,000
Amount spent on charitable objects in India	...	11,00,000
Administrative expenses related to the trust	...	1,00,000

(2 × 5 = 10 weightage)

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Master of Commerce

MCM 4C 15—INCOME TAX LAW, PRACTICE AND TAX PANNING—II

(2019 Admission onwards)

(Multiple Choice Questions for SDE Candidates)

Time : 20 Minutes	**Total No. of Questions : 20**	**Maximum : 5 Weightage**

INSTRUCTIONS TO THE CANDIDATE

1. This Question Paper carries Multiple Choice Questions from 1 to 20.
2. The candidate should check that the question paper supplied to him/her contains all the 20 questions in serial order.
3. Each question is provided with choices (A), (B), (C) and (D) having one correct answer. Choose the correct answer and enter it in the main answer-book.
4. The MCQ question paper will be supplied after the completion of the descriptive examination.

MCM 4C 15—INCOME TAX LAW, PRACTICE AND TAX PANNING—II

(Multiple Choice Questions for SDE Candidates)

1. Tax evasion is ——————.

   (A) Legal. (B) Illegal.

   (C) Unethical. (D) Both (B) and (C).

2. What is the exemption limit of income tax in case of a company ?

   (A) 2,50,000. (B) 5,00,000.

   (C) No exemption limit. (D) 10,00,000.

3. Which among the following deduction is not available to companies ?

   (A) 80 IB. (B) 80 C.

   (C) 80 G. (D) None of these.

4. STT stands for ——————.

   (A) Security transaction tax. (B) Security transfer tax.

   (C) Security transmission tax. (D) Securities transaction tax.

5. The number of years for which credit of MAT excess paid u/s 115JB can be carried forward is :

   (A) 10 Assessment years. (B) 15 Assessment years.

   (C) 8 Assessment years. (D) 9 Assessment years Disallowed expenditure.

6. Rebate u/s 86 is available to partners of AOP/BOI if :

   (A) AOP/BOI is taxed at maximum marginal rate.

   (B) AOP/BOI is taxed at normal slab rates.

   (C) AOP/BOI is taxed at more than maximum marginal rate.

   (D) AOP/BOI is exempted from tax.

7. Any rent received for building owned by the partner of a firm of an AOP is taxable under the head :

   (A) Income from house property. (B) Income from business or profession.

   (C) Capital gains. (D) None of the above.

8. Div person carrying on profession will have to get his accounts audited before the specified date if gross receipts from the profession for a previous year or years relevant to the assessment year exceed :

(A) ₹ 50 Lakh. (B) ₹ 10 Lakh.

(C) ₹ 1 Crore. (D) ₹ 25 Lakh.

9. Share of profit of a partner from a firm assessed under section 184 is :

(A) Taxable under the head business or profession.

(B) Exempted from tax in his hands.

(C) Taxable under business or profession but rebate allowable.

(D) Taxable under the head income from other sources.

10. What will be the maximum amount of remuneration allowable to working partners of a PFAS as per sec 184 if the book profit of the firm is ₹ 50,000.

(A) ₹ 50,000. (B) ₹ 1,50,000.

(C) ₹ 3,00,000. (D) Nil.

11. For computing the Book Profit under section 115 JB, which of the following is not added back to the profits ?

(A) Income-Tax.

(B) Provision for Tax.

(C) Dividend Distribution Tax u/s 115-0.

(D) Securities Transaction Tax.

12. The rate of depreciation chargeable on temporary erections and wooden structures for the AY 2021-22 is :

(A) 25 %. (B) 100 %.

(C) 40 %. (D) 50 %.

13. As per section 139 (1), a company shall have to file return of income :

(A) When its total income exceeds Rs.`2,50,000.

(B) When its total income exceeds the maximum amount which is not chargeable to income-tax.

(C) In all cases irrespective of any income or loss earned by it.

(D) In all cases irrespective of any income earned by it.

14. E-filing of return in case of an office of the Government/company and a firm whose accounts are liable to be audited is :

    (A) Mandatory.

    (B) Optional.

    (C) Mandatory when its income exceeds Rs. `5,00,000.

    (D) Mandatory when its income exceeds Rs. 10,00,000.

15. Interest on capital paid by the firm to its partners up to ______________ is allowable under Income Tax Act.

    (A) Up to 10 %. (B) Up to 20 %.

    (C) Up to 15 %. (D) Up to 12 %.

16. A company incurred capital expenditure 2,00,000 during the previous year on promotion of family planning among its employees. During the year, deduction shall be allowed to the company :

    (A) 40,000. (B) 10,00,000.

    (C) 2,00,000. (D) Nil.

17. A company spent 1,00,000 on advertisement in a souvenir of a political party and will get a deduction from :

    (A) Profit and gains of business. (B) Gross total income.

    (C) Income from other source. (D) None of these.

18. For how many assessment years unabsorbed depreciation can be carried forward for set-off ?

    (A) 5 years. (B) 7 years.

    (C) 8 years. (D) Unspecified years.

19. The rate of additional depreciation on the new plant acquired and installed during the previous year is ______________.

    (A) 10 %. (B) 20 %.

    (C) 30 %. (D) 40 %.

20. An ______________ cannot be created under a contract, it is created automatically in a Hindu Family.

    (A) HUF. (B) AOP.

    (C) LLP. (D) None of the above.