

**M. COM DEGREE END SEMESTER EXAMINATION - MARCH 2026**  
**SEMESTER 4 : COMMERCE**  
**COURSE : 24P4COMT17EL : BUSINESS TAXATION - ASSESSMENT AND PROCEDURES**  
*(For Regular 2024 Admission)*

Time : Three Hours

Max. Weights: 30

**PART A****Answer any 8 questions****Weight: 1**

1. State any two powers of income tax authorities relating to discovery and inspection. (R, CO 4)
2. What is 'Foreign Company'? (U, CO 2)
3. What is an Appellate Tribunal? ( )
4. What is filing of return through employer? (R, CO 3)
5. What is TDS Certificate? ( )
6. What is MAT? (E)
7. What is a BOI? (R, CO 1)
8. What is reassessment? (R, CO 3)
9. Explain the conditions to qualify as AOP/BOI. (U, CO 1)
10. Distinguish between TDS and TCS. (R, CO 4)  
**(1 x 8 = 8)**

**PART B****Answer any 6 questions****Weights: 2**

11. The book profit of a company u/s 115JB is ₹ 12,55,00,000. However total income of the company after setting off past years brought forward losses amounts to ₹ 1,55,20,000 only. Compute tax payable by the company for the year 2024-25. (A, CO 2)
12. Explain the hierarchy of Income Tax Authorities. (U, CO 4)
13. How is tax imposed on dividend distributed? (U, CO 2)
14. P, Q, and R are partners in a firm which does not fulfill the conditions of section 184. Therefore the assessing officer is of the opinion that the firm should be assessed under section 185. It was also observed from the accounts and records that the rent of premises debited to the P&L a/c was paid to the partner Q who owns the building in which the firm's business is carried on. Sundry expenses include life insurance premium of ₹ 5,000 paid by P and ₹ 3,000 insurance premium of the personal car of R.

The P&L a/c prepared by the firm for the year ended 31.03.2025 was as follows:

|                           |                 |  |                 |
|---------------------------|-----------------|--|-----------------|
| Trade Expenses            | 2,10,000        | Gross Profit                           | 5,83,000        |
| Office Expenses           | 1,50,000        | Rent from House<br>Property (Computed) | 70,000          |
| Depreciation              | 60,000          | Interest on fixed deposit              | 20,000          |
| Other Expenses            | 20,000          |  |                 |
| Salary to A               | 36,000          |  |                 |
| Commission to B           | 25,000          |  |                 |
| Bonus to C                | 40,000          |  |                 |
| Interest on capital (10%) |                 |  |                 |
| A                         | 12,000          |  |                 |
| A                         | 24,000          |  |                 |
| A                         | 36,000          | 72,000                                 |                 |
| Profit                    |                 |  |                 |
| A                         | 20,000          |  |                 |
| B                         | 20,000          |  |                 |
| C                         | 20,000          | 60,000                                 |                 |
|                           | <b>6,73,000</b> |  | <b>6,73,000</b> |

Out of the other expenses ₹ 5,000 is not allowable. Out of the office expenses ₹ 25,000 was paid in cash. The firm is eligible for a depreciation allowance of ₹ 70,000. Compute tax payable by the firm.

15. What are the provisions of the Income Tax Act in respect of income escaping assessment? (R, CO 3)
16. P, Q and R are members of an AOP, share profits and losses equally. During the financial year 2024-25, the AOP made a profit of ₹ 2,00,000 while the personal income of P, Q and R were ₹ 80,000, ₹ 3,50,000 and ₹ 15,50,000 respectively. Q is a woman and R is a senior citizen of 66 years of age. Compute the tax payable by the AOP and the members for the assessment year 2025-26. (A, CO 1)
17. What is search and seizure? What are the causes for the same? (I)
18. How is assessment done after succession of a firm by another firm? (U, CO 1)  
(2 x 6 = 12)

**PART C**  
**Answer any 2 questions**

**Weights: 5**

19. Royals India (Pvt.) Ltd. gives the following P&L a/c for the year 2024-25.

**P&L a/c for the year ended 31.03.2025**

|                        |                 |                                |                 |
|------------------------|-----------------|--------------------------------|-----------------|
| Advertisement Expenses | 8,700           | Sales                          | 2,28,350        |
| Excise Duty            | 6,200           | Other Income                   | 10,000          |
| Wealth Tax             | 2,200           | Interest on advance tax        | 3,500           |
| Audit Fees             | 4,350           | Interest from Govt. securities | 4,750           |
| Salaries               | 13,500          | Dividend (gross)               | 8,320           |
| Provision for taxation | 12,300          |                                |                 |
| Gift to an employee    | 1,000           |                                |                 |
| Staff welfare expenses | 2,000           |                                |                 |
| Office Expenses        | 3,200           |                                |                 |
| Entertainment expenses | 2,100           |                                |                 |
| Rent of premises       | 9,650           |                                |                 |
| Royalty                | 25,000          |                                |                 |
| Car expenses           | 7,200           |                                |                 |
| Depreciation           | 6,700           |                                |                 |
| Proposed dividends     | 28,300          |                                |                 |
| Net Profit             | 1,22,520        |                                |                 |
|                        | <b>2,54,920</b> |                                | <b>2,54,920</b> |

(A, CO 2)

Following further information is available.

a. Advertisement expenses include the following

- i. Diaries and calendars ₹ 3,100
- ii. ₹ 4,000 incurred in connection with a road show conducted immediately after launching a new shop (special advertisement campaign)
- iii. Capital expenditure ₹ 1,600.

b. Salaries include ₹ 3,800 paid to the domestic servant of the manager which is unreasonable.

c. The car has been used 1/3 for business purposes & 2/3 for personal use of the directors

d. Depreciation has been correctly computed but includes ₹ 2,300 being unabsorbed depreciation of earlier years.

e. Rent of premises has been paid without supportive evidence.

Compute the total income and tax payable by the company.

20. Explain the provisions of Refund of Tax. (I)
21. What are the different types of assessments? Briefly explain each of them. (U, CO 3)

22. A, B and C are partners in a firm, sharing in the ratio of 5:3:2. The P&L a/c of the firm for the year ending 31.03.2025 was as follows:

|                         |               |                        |               |
|-------------------------|---------------|------------------------|---------------|
| Rent Rates and Taxes    | 6,000         | Gross Profit           | 40,000        |
| Salaries                | 9,000         | Interest on Securities | 3,000         |
| Electricity charges     | 1,200         |                        |               |
| Interest on captial     |               |                        |               |
| A                       | 2,000         |                        |               |
| B                       | 1,500         |                        |               |
| C                       | 1,000         |                        |               |
| Depreciation            | 2,500         |                        |               |
| Reserve for Bad debts   | 500           |                        |               |
| Interest on Loan from B | 300           |                        |               |
| Commission to C         | 1,000         |                        |               |
| Surplus:                |               |                        |               |
| A                       | 9,000         |                        |               |
| B                       | 5,400         |                        |               |
| C                       | 3,600         |                        |               |
|                         | <b>43,000</b> |                        | <b>43,000</b> |

(A, CO 1)

Further information:

- i. Salary includes ₹ 2,000 paid to C.
- ii. Depreciation allowable ₹ 2,400
- iii. Rent ₹ 2,000 paid to C has been included in rent and taxes.

Ascertain the total income of the firm under section 185, since the firm failed to comply with the conditions of section 184. Also, compute the tax payable by the firm.

(5 x 2 = 10)

OBE: Questions to Course Outcome Mapping

| CO   | Course Outcome Description  | CL | Questions            | Total Wt. |
|------|---|----|----------------------|-----------|
| CO 1 | Understand assessment and computation of income tax for firms, LLPs, AOPs, and BOIs.  | A  | 7, 9, 14, 16, 18, 22 | 13        |
| CO 2 | Learn assessment and computation of tax for companies, including Minimum Alternate Tax (MAT).                                 | An | 2, 11, 13, 19        | 10        |
| CO 3 | Familiarize with assessment procedures, return types, due dates, defective returns, interest, and rectification of mistakes.  | An | 4, 8, 15, 21         | 9         |
| CO 4 | Explore powers of income-tax authorities, tax deduction & collection, advance tax, refunds, appeals, penalties, and offences. | E  | 1, 10, 12            | 4         |

Cognitive Level (CL): Cr - CREATE; E - EVALUATE; An - ANALYZE; A - APPLY; U - UNDERSTAND; R - REMEMBER;