



THE AMERICAN COLLEGE, MADURAI

(An Autonomous Institution Affiliated to Madurai Kamaraj University)

Re-accredited (2nd Cycle) by NAAC with Grade "A", CGPA – 3.46 on a 4-point scale

Backlog Arrear Examination, March 2021

INCOME TAX - II

COM/CME 3634

Maximum Marks: 75

Duration: 3hours

Answer any FIVE of the following

(5X15=75)

1. Discuss in detail about the administrative hierarchy of the income tax authorities.
2. Discuss the Powers and Duties of Income Tax Authorities.
3. You are asked to compute the tax liability of Mrs. X from the details given below. Her PY is 2019-20.

Particulars	Rs
Income from salary	3,80,000
Rent received from HP let out	1,00,000
Business Income	50,000
Unabsorbed depreciation (2013-14)	4,000
Unabsorbed business loss	6,000
Speculation loss	2,000
Short term capital loss	4,000
Long term capital gains	10,000
Income from other sources	5,000
Share of profit from a firm	10,000
Minor son of Mrs. X, Mr. S (income from acting in film)	60,000
Payment of insurance premium in LIC of India on her husband's life policy (policy value 2,00,000)	5,000
Purchase of NSC VIII issue	98,000
Repayment of principal towards housing loan in LIC housing finance Ltd	20,000

4. Shri Subramaniam a salaried employee, provides the following details of his income for the assessment year 2020-2021, Determine his tax liability.

Particulars	Rs
Basic salary	90,000
Dearness allowance (forming part)	7,000
Special allowance	8,000
Conveyance allowance	5,000
Interest on debentures of a limited company	10,000
Interest on cooperative debentures	6,000
Dividends from a cooperative society	4,000
Interest on govt. securities	5,000
Income from house property (computed)	3,00,000

5. The following details of income for financial year 2019-20 have been supplied by Shri. Rithvik who is Karta of HUF:

Particulars	Rs
Profit from family business	16,00,000
Salary received by a member of family for looking after the family business	20,000
Remuneration received by Karta for working as secretary in a company	30,000
Municipal value of the house let out	24,000
Local taxes of house	1,200
Dividend received	12,800
Long term capital gain on sale of building	19,000
Long term capital gain from transfer of investments	20,000
Share of profit from a firm	28,000
Donation to a recognized institution	10,000
Life insurance premium paid	6,000

6. Compute the book profit of the firm (partners are chartered accountant) (PFAS) from the details given below

Profit earned by the firm in the year 2017-18 (after charging the following amounts)
Rs.5,00,000.

- a) Interest on capital to partners @ 18 %
- b) Remuneration to working partners as per partnership deed Rs.1,00,000

- c) Donations to an approved educational Institution Rs.1,00,000
- d) Business expenses Rs.5,000
- e) Income Tax Rs.1000

7. Sun Ltd. a Company in which the public are substantially interested has furnished to you the following particulars for its assessment in respect of its previous year ended on 31st March, 2020:

1) New industrial undertaking in backward district "A" Category production commenced on 1.4.19	
a) Profits before allowing depreciation	50,000
b) Depreciation admissible	40,000
2) Old manufacturing business:	
a) Profit before depreciation	1,50,000
b) Depreciation admissible	40,000
3) Special Business – profit/loss	
a) Oil-loss	80,000
b) Cotton-profit	40,000
4) Agency business loss b/f (business discontinued on 31-3-99)	20,000
5) Profit/Loss on sale of assets:	
a) Long term (indexed) profit	1,00,000
b) Short term loss	60,000

You are required to compute the total income of Assessee Company for the assessment year 2020-21 indicating the reason for your answer. The company has distributed dividend of an amount of Rs.70,000 on 16th September 2019.
