

M.Com. 2nd Semester Examination, 2025

COMMERCE

(Income Tax)

PAPER — COM-203

Full Marks : 50

Time : 2 hours

Answer all questions

The figures in the right hand margin indicate marks

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

COM-203.1

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

(a) Briefly state the provisions of rebate under section 87A. Compute rebate u/s 87A in the following cases : 2 + 3

(Turn Over)

Particulars	Case 1	Case 2	Case 3
Assessee	Individual	Individual	Individual
Residential status	Resident	Resident	Non-Resident
Total Income	₹4,90,000	₹4,90,000	₹2,60,000

(b) Mr. Suman Das, aged 42 years, has computed his salary income to be ₹ 6,20,000 for the previous year ended 31.03.2024. He has earned interest of ₹ 15,600 on the savings bank account with State Bank of India during the year. Compute the total income of Mr. Das for the assessment year 2024-25 from the following particulars, assuming he has exercised the option of shifting out of the default tax regime provided under section 115BAC(1A) :

- (i) Life insurance premium of ₹ 18,700 paid for the insurance of life of his major son who is not dependent on him. The sum assured on life of his

son is ₹ 3,60,000 and the life insurance policy was taken on 30.03.2012.

(ii) A sum of ₹ 6,000 donated in cash to an institution approved for purpose of section 80G for promoting family planning.

(iii) Paid interest of ₹ 7,800 on loan taken from bank for M.Com course being pursued by his daughter.

(iv) Premium of ₹ 27,000 paid by cheque for health insurance of self and his wife.

(v) ₹ 1900 paid in cash for his health check-up and ₹ 4500 paid in cheque for preventive health check-up for his parents, who are senior citizens.

(c) State the deductions available under section 80CCD.

2. Answer any *one* question from the following : 10 × 1

(a) XYZ Ltd., an Indian company, provides the following financial details for FY 2023-24 :

Domestic Transactions

(i) Net Profit as per P&L Account :
₹ 1,50,00,000

(ii) Depreciation as per books :
₹ 18,00,000

(iii) Block of Assets details (WDV Method, includes assets purchased after 30th Sept.)

Asset Type	Opening WDV(₹)	Additions(₹) (Purchased on 01-11-2023)	Sale Value (₹)	Rate of Depreciation
Plant & Machinery	80,00,000	40,00,000	-	15%
Furniture	20,00,000	5,00,000	-	10%
Building	50,00,000	-	-	10%

- (iv) CSR Expenditure : ₹ 10,00,000
- (v) Penalty for late filing of GST Returns : ₹ 6,00,000
- (vi) Provision for Doubtful Debts : ₹ 8,00,000
- (vii) Dividend Received :
From Domestic Company : ₹ 8,00,000
From Foreign Company : ₹ 5,00,000
- (viii) Capital Gains :
STCG on shares : ₹ 7,00,000
LTCG on property : ₹ 5,00,000
- (ix) Brought forward business loss (AY 2022-23) : ₹ 10,00,000
- (x) Deductions under chapter VI-A :
Sec 80G(Donation) : ₹ 4,00,000 (50% allowable)
Sec 80IA (Infrastructure Deduction) : ₹ 6,00,000

International Transactions

- (i) Royalty received from a US company : ₹ 30,00,000 (TDS deducted in the US @10%)
- (ii) Consultancy services provided to a UK client : ₹ 25,00,000 (TDS deducted in the UK @12%)
- (iii) Interest earned on investment in a foreign company : ₹ 8,00,000 (TDS deducted in Germany @15%)

Previous year MAT Credit available

MAT credit carry forward from AY 2022-23 : ₹ 7,00,000

You are required to compute :

(A) Total Taxable Income;

(B) Tax Liability

(C) MAT and Foreign Tax Credit(FTC) for XYZ Ltd for AY 2024-25

(Corporate Tax Rate = 25%, MAT Rate = 15% of Book Profits). 4+2+2+2

(b) Consider the following information and show the tax treatment for set off and carry forward of losses in the assessment year 2024-25 in computing taxable income of Mr. Y :

(i)	Income from salary	Rs. 8,80,000
(ii)	Loss from house property	Rs. 2,90,000
(iii)	Loss from the activity of owning and maintaining race horses	Rs. 45,000
(iv)	Loss from non-speculation business	Rs. 7,65,000
(v)	Short-term capital loss	Rs. 26,000
(vi)	Long-term capital gains	Rs. 93,000
(vii)	Winning from lottery (gross)	Rs. 50,000
(viii)	Profit from speculation business	Rs. 3,95,000
(ix)	Brought forward business loss from the A.Y. 2014-15	Rs. 1,75,000

COM-203.2

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

5×2

(a) Distinguish between tax planning and tax avoidance.

(b) State the provision of section 140A regarding self-assessment.

(c) XY Ltd. which has sales turnover of Rs. 10 crores declared its income to be Rs. 8,00,000 in its ITR filed on 15.12.2024 for the AY 2024-2025. The details of advance tax instalments are as follows :

On 15.6.2023 : Rs. 15,000

On 15.9.2023 : Rs. 25,000

On 15.12.2023 : Rs. 30,000

On 15.3.2024 : Rs. 20,000

The amount of TDS is Rs. 10,000.

Compute interest under section 234B as per ITR. (Assume corporate tax rate as 25%)

4. Answer any one question of the following :

10 × 1

- (a) (i) AB Ltd. is a newly established undertaking in Falta SEZ in West Bengal. Based on the given information, you are required to determine the deduction that will be allowed to the firm as per section 10AA(7) for the AY 2024-2025.

Total turnover : Rs. 350 crores

Export turnover : Rs. 227.50 crores

Profit : Rs. 57 crores.

- (ii) Discuss the tax provisions in respect of investment in notified backward areas as per section 32AD.

- (iii) Describe in brief from the viewpoint of tax planning the aspects to be considered for deciding the capital structure of a firm.

3 + 4 + 3

(b) (i) Discuss the provision of section 194B regarding TDS from winnings from lottery.

(ii) Mr. Z won a motor car (Suzuki Motor) in a lottery and the value of the prize motor car is ₹ 9,50,000. Determine the amount of TDS u/s 194B and state the procedure to be followed before handing over the motor car to Mr. Z.

(iii) Write a short note on Best Judgement Assessment.

2 + 4 + 4

[Internal Assessment – 10 Marks]