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

(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)