

**M.Com. Part- II Examination, 2020 (DDE)**

**Subject: Commerce**

**(Paper 15: Direct Tax)**

**Time: 2 Hours**

**Full Marks: 40**

The figures in the margin indicate full marks.  
Candidates are required to give their answers in their own words  
as far as practicable

**Answer any four of the following questions**

**10X4=40**

1. a) State the provisions of the Income Tax Act, 1961 for availing additional depreciation on new plant & machinery under section 32(1).

b) State the provisions of section 37(1) under the Income Tax Act, 1961 for residual deductions in computing profits/ gains from business. ( 5+5=10)

2. Consider the following payments/expenses and discuss the allowability or otherwise for deduction in computing profits/gains from business/profession:

i) Payment of ₹ 80,000 for capital expenditure to promote family planning amongst its employees by X Co. Ltd.;

ii) Payment of ₹ 30,000 to a supplier of materials in cash in a single day;

iii) Payment of commission of ₹ 25,000 to a resident individual in India without deducting tax at source;

iv) Compensation of ₹ 18,000 received from a supplier for delay in supplying raw materials;

v) Penalty of ₹ 15,000 paid to Income Tax Authority for delay in submitting return of income under the Act.

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3. a) Distinguish between Tax Planning and Tax Evasion.

b) Define amalgamation /merger of companies under section 2(1B) of the Income Tax Act.

(5+5 =10)

4. Write brief notes on the following:

a) Defective return.

b) Inquiry before assessment.

(5+5=10)

5. a) Discuss 'Associated Enterprise' under Section 92A under Income Tax Act, 1961.

b) Write the significance of Arm's Length Pricing principle with respect to transfer pricing. (5+5=10)

6. a) Narrate the provisions for clubbing of minor's income.

b) State the provision on "Individual assessable in respect of income from assets transferred to spouse".

(5+5=10)