



Subject Code: IMT-116

Subject Name : INCOME TAX - II

Notes:

- Write answers in your own words as far as possible and refrain from copying from the text books/handouts.
- Answers of Ist Set (Part-A), IInd Set (Part-B), IIIrd Set (Part – C) and Set-IV (Case Study) must be sent together.
- Mail the answer sheets alongwith the copy of assignments for evaluation & return.
- Only hand written assignments shall be accepted.

- First Set of Assignments: 5 Questions, each question carries 1.5 marks.
- Second Set of Assignments: 5 Questions, each question carries 1.5 marks.
- Third Set of Assignments: 5 Questions, each question carries 1.5 marks. Confine your answers to 150 to 200 Words.
- Forth Set of Assignments: Two Case Studies : 7.5 Marks. Each case study carries 3.75 marks.

ASSIGNMENTS

FIRST SET OF ASSIGNMENTS
Marks

Assignment-I = 5

PART- A

- What are the methods under which the arm's length price, relating to an international transaction, is determined under Section 92-C?
- When shall a transaction be considered as international transaction?
- State the conditions to be satisfied before a warrant of authorisation under section 132 is issued for search of apremises.
- When does a deemed seizure arise?
- Penalty is not leviable, if certain conditions are satisfied, in the case of block assessment. Discuss.

SECOND SET OF ASSIGNMENTS

Assignment-II = 5 Marks

PART- B

Discuss the correctness or otherwise of the following with reference to the provisions of the Income-tax Act:

- Commissioner (Appeals) has no power to decide a matter that was not raised before him.
- The Income-tax Appellate Tribunal cannot amend its order.
- A case before the Appellate Tribunal cannot be dealt when there is a difference of opinion amongst the members of the Bench."
- An appeal shall lie to the High Court against the order of the Tribunal.
- Once an appeal has been preferred the assessee cannot apply for rectification u/s 154.

THIRD SET OF ASSIGNMENTS**Assignment-III = 5 Marks****PART- C**

1. What is the circumstance in which it is not necessary for a non- resident Indian, whose total income is above the taxable limit, to file his return of income under Sec. 139(1)?
2. Discuss the provisions of Income Tax Act Belated Return.
3. Distinguish between 'revised return' and 'defective return'.
4. Who is required to sign the 'return of income' on behalf of the company?
5. What is PAN under Income tax Act, 1961? In which transaction is it compulsory to quote PAN?

FOURTH SET OF ASSIGNMENTS**Assignment-IV = 2.5 Each Case Study****CASE STUDY - I**

I Limited, an Indian Company supplied billets to its holding company. U Limited. UK during the previous year 2010-11. I Limited also supplied the some product to another UK based company. V Limited, an unrelated entity. The transactions with U Limited are priced at Euro 500 per MT (FOB), where as the transactions with V Limited are priced at Euro 700 per MT (CIF). Insurance and Freight amounts to Euro, 200 per MT. Compute the arm's length price for the transaction with U. Limited.

CASE STUDY-II

Compute the book profit and the maximum remuneration which can be paid to the partners u/s 40(b) from the profit and loss account submitted by a firm consisting of two partners viz., A and B.

Profit and Loss Account for the year ending 31-03-2011

	Rs.		Rs.
Cost of goods sold	1500000	Sales	2146000
Office salaries	80000	Interest on Investments	10000
Interest on Loan from a minor son of partner a @ 14% p.a.	24000	long-term capital gains	15000
Interest on term loan for purchase of machinery @ 14% p.a.	48000	Short-term capital gains	20000
Office Rent	40000	Winning of Lotteries	
Commission to working partner A	30000	(Gross)	10000
Interest on loan to partner B who is a non working partner @24% p.a.	36000		
Salary to a working partner A	200000		
salary to a non working partner B	48000		
Interest on capital of A @ 20% p.a.	30000		
Interest on capital of B @ 20% p.a.	10000		
Provision for bad & doubtful debts	10000		
Entertainment expenditure	15000		
Income tax paid	10000		
Donations to PM's National Relief Fund	40000		
Net Profit	80000		

2201000

2201000

Also compute the Total Income of the Firm. How would treat the various incomes received by the partners from the firm?