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Sl.No.

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IV Semester M.Com. Examination, Sept./Oct. 2020

(Scheme:CBCS)

COMMERCE

Elective : Group-A : Business Taxation

SC : Corporate Tax Law and Planning (Paper-II)

Time : 3 Hours

Max. Marks : 70

Instruction: All parts are compulsory.

PART-A

Answer **any five** questions. Each question carries **five** marks. **[5×5=25]**

- Q1)** What is tax deduction at source and tax collection source? Explain with an appropriate example.
- Q2)** What is Double taxation? How to Overcome it?
- Q3)** Briefly explain the limitation of corporate tax planning.
- Q4)** What is National Tax Tribunal? Explain the powers of National Tax Tribunal.
- Q5)** State whether ABC Company is liable to pay advance tax for the year 2020-21 if the total estimated taxable income and turnover of the company is Rs. 5,00,000 and Rs. 45 Crore respectively. If yes, what is the amount?
- Q6)** Briefly explain "buy back of share and payment of dividend" from tax planning point of view.
- Q7)** From the following information, compute depreciation allowance allowable to XYZ company for the assessment year 2019-20

Assets	WDV in Rs (as on 31 st March, 2019)
a) Building	5,00,000(5%)
b) Plant and machinery	2,50,000(30%)
c) Furniture	4,65,000(10%)
d) Computers	10,00,000(60%)
e) Unobserved depreciation	80,000
f) Machinery worth Rs.2,00,000 is purchase on 20 th October 2019	

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Q8) During the assessment year 2019-20. XYZ Company submits the following information.

- a) Fair rent value Rs. 60,000
- b) Municipal value Rs. 45,000
- c) Annual Rent Rs. 50,000
- d) House was vacant for two months during the year 2018-2019.
- e) Municipal tax paid Rs. 4000
- f) Repairs Rs.20,000
- g) Insurance premium paid Rs. 12000

Determine the taxable income from house property of the XYZ company.

PART-B

Answer any **three** questions. Each question carries **ten** marks. **[3×10=30]**

Q9) Explain the highlights of Union Budget 2020-21 relating to reforms of Corporate Taxation India. <https://www.uomononline.com>

Q10) "Tax planning is an act within the four corners of the Act and it is not a colorable device to avoid tax". Discuss.

Q11) Discuss the various deductions available for corporate assessee from Gross Total Income under the new provisions of income Tax Act.

Q12) A company requires 50,000 units of a component every year for the next five years. The component can either be manufactured or purchased from the market. Per unit cost of manufacturing will be as follows:

- a) Material cost Rs.10
- b) Labour Cost Rs.8
- c) Variable overheads Rs.3

Suggest to the company whether to make the component or buy it from the market at ₹ 25 per unit. If the company manufactures the part, it has to purchase a machine by taking a loan from the bank; the present value of the net cash outflow in this regard in five years (considering depreciation and tax benefits) will be Rs. 5,00,000.

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Q13) The company is paying salary of Rs. 1,25,000 per month (Basic Salary 75,000 Dearness allowances of Rs. 30,200 and HRA of Rs. 19,800. As TDS officer of the company, from the following information calculate the tax liability of an assessee for the assessment year 2019-20 by making necessary statutory assumptions as per the Income Tax Act 1961.

- i) EMI on housing loan Rs.10,000 (4000 interest and 6,000 principal)
- ii) LIC monthly premium Rs.4,500
- iii) PT Rs.200 per month
- iv) Children tuition fee Rs.50,000 (three children)
- v) Medical expenditure for the assess himself Rs. 45,000
- vi) Tax deduction from salary for month Rs. 10,000
- vii) Interest received from bank Rs.36,000 after deduction of Rs.4000 (10%)
- viii) Arrears of salary Rs.1,50,000 after TDS of Rs. 45,000

PART-C

Q14) Case study (Compulsory)

[1×15=15]

'A' Business Ltd. furnishes the following particulars. As a Tax consultant compute the total income of the company and tax payable for the assessment year 2019-20.

- i) Net income Rs.35,00,000 after debiting penal interest of Rs.50,000 paid for delayed payment of sales tax and interest of Rs.2,00,000 paid on fixed deposits from public. The following adjustments are required.
 - a) Depreciation (Current year) Rs.1,50,000
 - b) Unobserved depreciation of the assessment year 2015-16 Rs.11,00,000
- ii) Short-term capital gain on sale of shares (Investments) Rs.1,00,000
- iii) Long-term capital gain on sale of a building Rs.2,50,000
- iv) Brought forward short-term capital loss Rs. 40,000
- v) Brought forward long-term capital loss of the year 2016-17 Rs.60,000
- vi) Gross interest from government securities Rs. 1,75,000
- vii) Bank commission for realising the interest Rs.8,000

