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**M-6081**

Sl.No.

Total No. of Pages : 3

**IV Semester M.Com. Examination, May - 2019**

**(Scheme : CBCS)**

**COMMERCE**

**Elective: Group-B Business Taxation**

**SC:2: CORPORATE TAX LAW AND PLANNING**

**Time : 3 Hours**

**Max. Marks : 70**

**PART - A**

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

- 1) Explain the duties and responsibilities of the TDS officer.
- 2) Discuss the provisions for tax planning regarding hire purchase over lease by the companies.
- 3) Explain the objectives of Corporate Taxation in India at global context.
- 4) Discuss the residential status of corporate assessee under section 6(3) of Income Tax Act.
- 5) Discuss the deductions available for corporate assessee under section 80C of the Income Tax Act.
- 6) A company purchased a building on 01-01-2000. Fair Market Value of that building as on 01-04-2001 is Rs. 2,00,000. The Cost of improvement incurred by company are as follows,
  - a) 01-01-2005 Rs. 25,000
  - b) 01-01-2010 Rs. 50,000

The company made improvement to that building by spending Rs. 25,000 on 10-01-2001 and sold the building on 01-01-2018 for Rs. 35,00,000. Compute the Taxable Value of Capital Gain for the Assessment Year 2018-19.

Year	CII
2017-2018	272
2014-2015	240
2010-2011	167
2004-2005	113
2001-2002	100

- 7) ABC Company holds black assets (rate of depreciation is 10%) worth Rs.7,50,000 (WDV) in the opening balance of year 2017-18, during year the company purchase new plant and machinery worth Rs.2,00,000 on 30<sup>th</sup> December, 2017 and sold the assets worth Rs.2,50,000. Calculate the depreciation and written down value of the assets at end of the year 2017- 18.

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- 8) Discuss whether the company is liable to pay advance tax for the year 2019-20 and if yes then what amount should be paid by what date. The taxable income of the company is estimated Rs.1,00,00,000 and the company MAT credit of Rs.25,000 for the previous year.

**PART- B**

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

- 9) Compare and explain "buy back of share and payment of dividend" from tax planning point of view.
- 10) X Ltd. Manufactures LED TV sets. The company has the option to either make or buy from the market, component used in manufacture of the TV sets. The component will be manufactured on new machine costing Rs. 3,00,000 with of 10 years. Material required cost Rs.6 per kg and wages Rs.0.09 per hour. The salary of the foreman employed is Rs.9,500 per month and other variable overheads include Rs.60,000 for manufacturing 25,000 components per year. Material requirement is 25,000 kgs and requires 50,000 labour hours. The component is available in the market at Rs. 11.30 per piece. <https://www.uomonline.com>

Has a tax consultant of the company what will be profitable either make or to buy the component?

- 11) Explain the provisions of minimum alternative tax under section 115j of Income tax Act 1961. Is it foreign company liable to pay MAT?
- 12) Explain the provisions for set off and carry forward of losses for a corporate assessee in Income Tax Act.
- 13) "Tax planning is an act within the four corners of the Act and it is not a colorable device to avoid tax". Discuss.

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PART - C

14. Case Study (Compulsory) [1×15=15]  
Trading and Profit and Loss account of Mysore Sugar Co. Ltd. for the Year ending 31-03-2018.

Particulars	Amount	Particulars	Amount
To cost of goods sold	6,50,500	By Sale of Sugar	11,52,000
To Salary	1,20,000	By Rent from Agricultural Land	25,000
To General expenses	10,500	By Premium on Issue of Shares	75,000
To Commission	12,000	By Interest on Bank Deposits	15,000
To Interest on Loan	8,500	(Gross)	
To Director's Fees	4,000	By LTCG	35,000
To RBD	10,000	By rent from building let-out	47,500
To Bad debts	8,000		
To Income Tax	24,000		
To Depreciation	42,000		
To Proposed dividend	1,00,000		
To Fines and Penalties	3,500		
To General Reserves	55,000		
To Donation to NDF	5,000		
To Subscription to Sugar Syndicate	2,500		
To Subscription to Chamber of Commerce	3,000		
To Customs duty	5,500		
To Municipal Tax (on House) Property	4,000		
To Net Profit	2,82,000		
Total	13,50,000		13,50,000

**Additional Information:**

1. Actual Bad debts during the year Rs. 6,000 ..
2. Depreciation allowable as per IT rules Rs. 45,000
3. Contribution of staff RPF Rs. 5,000
4. General expenses include Rs. 3,000 spent on promoting family planning amongst Company's employees.

As a tax consultant of the company, compute taxable income from business of the company for the assessment Year 2018-19.

