

**2016**

**M. Com.**

**3rd Semester Examination**

**CORPORATE DIRECT TAXES**

**PAPER — COM-302**

*Full Marks : 50*

*Time : 2 Hours*

*The figures in the right-hand margin indicate full marks.*

*Candidates are required to give their answers in their own words as far as practicable.*

*Illustrate the answers wherever necessary.*

**Unit--I**

[Marks : 20]

**1. Answer any two of the following :** 2×5

- (a) Unabsorbed business losses are to be set-off within eight successive assessment years. What are the exceptions to this rules?

*(Turn Over)*

- (b) How is the residential status of companies determined? Explain.
- (c) Mr. Deb Kumar earned a total income of Rs. 8,55,000 (including Rs. 2,55,000 from house property) during the previous year 2015-16. Moreover, he has earned Rs. 3,50,000 as arrear salary of which Rs. 1,45,000 relates to the assessment year 2014-15 and the balance to the assessment year 2015-16.

You are required to compute the tax liability for the assessment year 2016-17.

- (d) Mrs. Mrinalini Ghosh, aged 44 years, is an employee of Merry Ltd. She stays in a rented house at Midnapore at a rent of Rs. 3,800 per month. Mrs. Ghosh, a middle level manager in the company receives a monthly salary of Rs. 50,000 which does not include any house rent allowance component. Her other incomes include a short-term capital gain of Rs. 34,500 from sale of equity shares and interest of Rs. 14,440 (which includes Rs. 8,900 from fixed deposits). She has a mediclaim policy in the name of her daughter for which she pays Rs. 9,000 as premium. You are required to compute the deduction under chapter VIA for the assessment year 2016-17 assuming that she deposited Rs. 20,000 towards PPF and Rs. 15,000 in Sukanya Samriddhi account.

- (e) Explain the term 'company in which public substantially interested'.

2. Answer any one of the following : 1×10

- (a) (i) Mr. Atul Patel (aged 35 years) gives the following details to you relating to capital market transactions for the year 2015-16 :

Equity Share Equity Oriented mutual fund	Record date	Acquisition details			Sales details			Dividend %
		Qty	Rate (Rs.)	Date	Qty	Rate (Rs.)	Date	
Happy Fund	—	180	52	05.7.15	120	61.50	21.11.15	—
Jolly Fund	22.7.15	50	32.50	28.6.15	50	22.50	20.11.15	200
Richy Fund	12.8.15	125	20	11.1.15	90	28.50	07.09.15	150
Equity Shares of GH Ltd.	—	50	1250	10.10.14	50	1320	11.11.15	—
Equity Shares of IJ Ltd.	—	100	40	10.4.14	80	44.20	05.1.16	—

Note that the face value of each security is Rs. 10 and they are traded in a recognized stock exchange in India.

Mr. Patel also mentions that in addition to the above, he sold a residential house property (in April, 2015) for Rs. 45,00,000 which he had purchased in March, 2010 for Rs. 18,00,000.

Thereafter, he invested a part of the proceeds in purchasing a commercial property in December, 2015 for Rs. 11,80,000.

On the basis of the given information, you are required to compute the tax liability for the assessment year 2016-17. [Cost inflation index figures for different previous years are as follows : 2009-10 - 632, 2010-11 - 711, 2014-15 - 1024, 2015-16 - 1081]

(ii) Write a short note on tax planning. 7+3

(b) (i) Chandni Ltd. gives the following information about its incomes and losses for the current and earlier years.

Income/losses for the current year :

<i>Particulars</i>	<i>Rs.</i>
Income from house property	3,18,000
Business income :	
- Non-speculative business A	13,50,000
- Speculative business C	(70,000)

<i>Particulars</i>	<i>Rs.</i>
<b>Capital gains :</b>	
- Long-term (on sale of property)	2,80,000
- Short-term (on sale of listed shares)	55,000
Lottery winnings	3,00,000
Interest on fixed deposits	50,250

**Unabsorbed losses relating to earlier years :**

● ***Assessment year 2006-07 :***

From house property : Rs. 2,10,000

From B, a non-speculative business which is presently closed down- Rs. 1,15,000.

● ***Assessment year 2013-14 relating to which no return was filed :***

From house property - Rs. 55,000

From race horse - Rs. 25,000

You are required to apply income tax provisions such that the tax liability is minimized.

(ii) **Jazz Ltd. gives you the following information :**

**Items debited to the P/L account :**

General business expenses - Rs. 5,25,000

Transfer to general reserve - Rs. 2,50,000

Provision for ascertained liabilities - Rs. 85,500

Penalty under the Income Tax Act - Rs. 770

Depreciation (including revaluation depreciation of Rs. 30,000) - Rs. 75,000

Wealth tax - Rs. 90,000

Customs duty - Rs. 1,75,000

Items credited to the P/L account :

Sales - Rs. 19,50,000

Transfer from revaluation reserve - Rs. 20,000

Net agricultural income - Rs. 1,90,000

You are required to determine the tax liability based on book profit. 6+4

### Unit—II

[Marks : 20]

3. Answer any *two* of the following : 2×5

(a) Write a short note on Permanent Account Number.

(b) Magnificent Ltd., a Kolkata-based company estimated its income to be Rs. 6,35,000 in April, 2015. However, due to a fire in its premise on October, it revised its estimate downwards to Rs. 5,15,000. On 01<sup>st</sup> December, 2015, it earned a short-term capital gain of Rs. 3,80,000 on the sale of a small plot of land. You are required to determine the advance tax instalments to be paid by the company.

(c) Write a short note on belated return and return of loss. 2 + 3

(d) (i) Mr. Madhavan won a lottery of Rs. 1,00,000 together with a brand new Maruti Wagon R car having a price of Rs. 4.45 lakhs. Describe the provisions under the Act regarding the deduction of tax at source from the casual income.

(ii) How would the provisions to TDS apply if he had won a lottery income of only Rs. 12,500?

4. Answer any one of the following : 1×10

(a) (i) What do you understand by Best Judgement Assessment?

(ii) Mr. Ashutosh Kar, was an employee of Minerals Ltd. earning a monthly salary of Rs. 44,500. He declared that he would contribute Rs. 50,000 to avail deduction under section 80C. He worked with the company till the end of August, 2015 after which he joined Gems Ltd. at a salary of Rs. 52,500. You are required to determine the tax that should be deducted from the salary of the employee, assuming the assessee intends to claim Rs. 50,000 as deduction under section 80C.

5+5

(b) Truth Ltd. declared its income to be Rs. 12,50,000 in its income tax return filed on 05<sup>th</sup> January, 2016 for the assessment year 2015-16. The assessment which is completed on 25<sup>th</sup> May, 2016 revises its income upward by Rs. 1,20,000.

The details of its prepaid taxes are as follows :

Advance taxes paid :

- on 15<sup>th</sup> June, 2015 : Rs. 25,000
- on 15<sup>th</sup> September, 2015 : Rs. 45,000
- on 15<sup>th</sup> December, 2015 : Rs. 1,00,000
- on 23<sup>th</sup> March, 2015 : Rs. 45,000

Tax deducted at source : Rs. 25,500

You are required to determine the self-assessment tax paid by the corporate assessee. 10

***[Internal Assessment : 10 Marks]***

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