

2015

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) Tax planning is relevant for all types of assessees. In this regard, discuss the various aspects with regard to setting up of businesses by corporates.

(Turn Over)

(b) Explain the term 'Indian company' as per section 2(26) of the Companies Act, 1956. How does it differ from a domestic company ?

(c) Zercon Ltd. provides you the following informations :

<i>Particulars</i>	<i>Amt. ₹</i>
Income from Textile business	40,000
Loss from Cosmetic business	10,000
Loss from Publishing House	30,000
Speculative Income for the current year	10,000
Speculative loss for the current year	25,000
Dividend from Indian company	10,000
Unabsorbed depreciation of Cosmetic business ₹ 15,000 for the previous year 2008-09. Carry forward of loss of House property ₹ 10,000 P.Y.-2011-12. Calculate the taxable Income for the A.Y.-2014-15.	

(d) How is the residential status of companies different from those of individuals? Discuss in brief the taxability of income of a corporate assessee on the basis of such status. 2+3

2. Answer any *one* of the following :

1×10

- (a) (i) Mr. Prabir Ghosh joined a company having Central Government as its employer. As per the terms and conditions of employment, he receives a salary of ₹4,50,000 per annum including ₹40,000 (as dearness allowance) and ₹20,000 (towards telephone allowance). Both Mr Ghosh and the employer contribute 12% of the salary (including dearness allowance only) towards National Pension Scheme.

You are required to determine the tax liability of the assessee assuming that he also has a long-term capital gain of ₹34,500 on sale of equity shares of Britannia Industries and a short-term capital gain of ₹2,500 on sale of equity shares of Reliance Industries.

- (ii) Discuss in briefly the provisions of MAT and MAT Credit.

6+4

- (b) From the following particulars compute the Taxable Income and Tax Liability of Mr. Roy aged 40 years for the A.Y. — 2015-16 :

<i>Particulars</i>	<i>Amount</i>
	₹
Income from Salary	4,80,000
Income from House Property	1,40,000
Income from other Sources	65,000
(includes Interest from Savings Bank A/c ₹ 11,500)	
He deposited under the following schemes :	
(i) Life Insurance premium for self	20,000
<i>and</i> for mother	15,000
(ii) Purchases of N.S.C.	25,000
(iii) Medical Insurance Premiums for Self	4,000
<i>and</i> for mother-in-law (age 61 years)	2,000
(iv) Payment to 10 years cumulative time deposit scheme of Post office	15,000

Donation to a blind student ₹ 5000, and to Ramkrishna Mission ₹ 10,000.

Donation to local authority for promoting family planning ₹ 30,000 and to National Relief Fund ₹ 85,000.

He incurred ₹ 32,000 for his Physically handicapped son (30% handicapped).

He paid education fees for his two children to registered institution ₹ 16,000.

Paid interest on education loan for his younger son ₹ 18,500.

Unit—II

[Marks : 20]

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

- (a) Explain the term self-assessment. What are the liabilities of an assessee who has defaulted in payment of self-assessment tax?

(b) Discuss the provisions relating to revised return.

Can all returns be revised? 4+1

(c) Rejoice Ltd. gives the following information to you :

Declared income — ₹ 4,10,550

Assessed income — ₹ 4,29,210

Advance tax paid : Till March 15, 2014 — ₹ 75,000

On March 28, 2014 — ₹ 5,800

Tax deducted at source — ₹ 7,250

Date of filing return — December 15, 2014

Date of completion of assessment — April 25, 2015

You are required to determine interest under section 234A for the assessment year 2014-15 as per return and assessment.

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

(a) (i) Perfect Ltd. declared its profit of ₹ 12,45,000 for the assessment year 2014-15. Its income for the year is assessed to be ₹ 15,20,000. Assuming that there were prepaid taxes amounting to ₹ 1,50,000 having the following break-up —

Advance taxes paid : On 15.6.13 — ₹ 20,500
On 15.9.13 — ₹ 40,000
On 15.12.13 — ₹ 29,500
On 15.3.14 — ₹ 42,000
On 25.3.14 — ₹ 3,000

Tax deducted at source - ₹ 15,000.

You are required to determine the minimum instalments that should be paid by the company so that no interest is imposed under section 234C.

(ii) Write a short note on tax deduction at source.

6+4

(b) (i) When is a return considered to be incomplete? Discuss.

(ii) Shine Ltd. is considering the purchase of a machinery costing ₹ 5,00,000 as a part of its capital expenditure programme. The life of the asset is 5 years and the depreciation rate is 15% (on written down value basis). It has two options to choose from :

To purchase the asset using own funds only,

or

To go for 70% financing from SBI (at 15% rate of interest), the principal of which is to be repaid at the end of five years.

You are asked to recommend the better option, assuming the cost of capital to be 12%.

4+6

[Internal Assessment : 10 Marks]
