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**III Semester M.Com. Degree Examination, May - 2023****COMMERCE (Accounting and Taxation)****Corporate Tax Planning****(CBCS Scheme)****Paper : 3.5****Time : 3 Hours****Maximum Marks : 70****SECTION - A****Answer any Seven questions out of Ten. Each question carries Two marks. (7×2=14)**

1. a) What is E-TDS?
- b) Give the meaning of Appeal under Income Tax.
- c) What is Presumptive Taxation?
- d) Why was section 115JB introduced?
- e) Give the meaning of Unabsorbed Depreciation.
- f) State the objectives of Tax Planning.
- g) List out any four deductions which are eligible for the corporate assessee from Gross Total Income.
- h) Write the difference between Tax Avoidance and Tax Evasion.
- i) State the tax benefit for issue of Bonus Shares.
- j) How sale of assets used for Scientific Research is treated in Income Tax.

**SECTION - B****Answer any Four questions out of Six. Each question carries Five marks. (4×5=20)**

2. Explain the tax planning for Tea, Coffee and Rubber Industry.
3. If the company decides to make the product itself, then it would need to buy a new machine for Rs.4 lakhs which would be used for 5 years. Manufacturing costs in each of the five years would be Rs.6 lakh, Rs.7 lakh, Rs.8 lakh, Rs.10 lakh and Rs.12.5 Lakh respectively. The relevant depreciation rate is 20%. The Machine will be sold for Rs.25,000 at the beginning of the sixth year. Calculate the making cost of a component.

**[P.T.O.]**



4. What is Dividend Decision? Explain its tax benefits.
5. Write the tax considerations under Repair or Replace.
6. Aryan Company limited has given the following information for the financial year 2022-23. Due date of returns is 30<sup>th</sup> September 2022. The amount of total income Rs 25,20,000. TDS Rs 90,240 and Return filed on 30<sup>th</sup> October 2022.

Details of Advance tax Paid

13 June	Rs 96,000
12 September	Rs 1,56,000
10 December	Rs 2,40,000
16 March	Rs 1,48,800.

Compute Interest u/s 234A, 234B and 234 C for the assessment year 2023-2024.

7. Calculate Book Profit and Tax payable as per MAT 115JB of Star limited who earned a net profit of Rs.5,00,000 after debiting/crediting of the following items to Profit and loss account for the year ended on 31.3.2021.

<b>Items debited to profit and loss account</b>	
* Provision for income tax	1,50,000
* Provision for loss on subsidiary company	12,000
* Transfer to General Reserve	18,000
* Proposed dividend	16,000
* Depreciation (including depreciation of 4,000 on revaluation)	9,000
<b>Items credited to profit and loss account</b>	
* Amount credited to P and L. a/c from Revaluation Reserve	50,000
* Agriculture income	70,000





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72575

SECTION - C

Answer any Two questions out of Four. Each question carries Twelve marks. (2×12=24)

8. Explain the tax planning in respect to industrial undertakings engaged in Infrastructure developmental activities.
9. From the following information determine whether Y limited should purchase the machine by Instalment or hire it.
- a) Cost five instalments of Rs.3,00,000 each payable in the beginning of each year.
  - b) Hire Charges Rs.2,25,000 p.a. for eight years payable in the beginning of each year.
  - c) Residual value Rs. 75,000 after eight year.
  - d) Rate of Depreciation 15%
  - e) Cost of capital 12%
  - f) Rate of tax 30%.
  - g) Present value @ 12%.
  - h) Loss on sale of machine set-off against short term capital gains.
10. Answer the following sub-questions.
- a) Write a note on E-filing of tax returns.
  - b) P limited wants to raise the capital of Rs. 30,00,000 for a project where earnings before tax shall be 55% of the capital employed. The company can raise debt fund @ 20% p.a. Suggest, which of the following 4 Alternatives should it opt for:
    - i) Rs. 30,00,000 to be raised by Equity Capital.
    - ii) Rs. 20,00,000 by Equity and Rs. 10,00,000 by loans.
    - iii) Rs. 10,00,000 by Equity and Rs. 20,00,000 by loans.
    - iv) Rs. 30,00,000 to be raised by Loan.
11. Explain the provisions relating to Set-Off and Carry Forward of Losses.

[P.T.O.]



## SECTION - D

Answer the following

(Compulsory question)

(1×12=12)

12. From the following particulars of Moon Ltd, Compute tax Liability for A.Y 2023-24 as per normal Income Tax provisions and as per MAT 115JB assume book profit is Rs. 20,00,000. Calculate tax credit if any.

Particulars	Amount	Particulars	Amount
To Opening Stock	2,00,000	By Revenue from sales	25,00,000
To Purchases	6,00,000	By LTCG	1,50,000
To Provision for bad debts	50,000	By Transfer fees	1,00,000
To Advertisement	10,000	By Miscellaneous Incomes	80,000
To Depreciation	5,00,000	By Bad debts disallowed recovered earlier	15,000
To Capital Expenditure on Family Planning	6,00,000	By Income from House Property	1,00,000
To Proposed Dividend	60,000		
To Provisions for Loss from Subsidiary Company	30,000		
To Contribution to National Drought Relief Fund	50,000		
To Donation to Indian Olympic Association	10,000		
To Net Profit	8,35,000		
	<b>29,45,000</b>		<b>29,45,000</b>

**Additional information:**

- Revenue Expenditure incurred on promotion of family planning was not debited to Pand LA/C was Rs. 30,000.
- Depreciation u/s 32 is Rs. 2,00,000.
- Deduction u/s 80IB is 30% on Net Profit.
- Brought forward business loss and unabsorbed depreciation as per income tax is Rs. 2,00,000 and 1,00,000 respectively.





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III Semester M.Com. Degree Examination, April/May - 2024

COMMERCE (Accounting and Taxation)

Corporate Tax Planning

(CBCS Scheme 2021-22 Onwards)

Paper : 3.5

Time : 3 Hours

Maximum Marks : 70

**SECTION - A**

Answer any SEVEN questions out of Ten. Each question carries 2 marks. (7×2=14)

1. a) State the provisions of Residential Status of the Company.
- b) What are the canons of Taxation?
- c) Define Block of assets u/s 2(11).
- d) What is a Tax Holiday?
- e) What is meant by Advance Tax Rulings?
- f) Distinguish between Amalgamation and merger.
- g) What is MAT u/s 115 JB?
- h) State the provisions of Section 35D for amortization of preliminary expenditure.
- i) What is meant by proportionate Depreciation. State the conditions for the same.
- j) Mention the due date for TDS payment and TDs return filing.

**SECTION - B**

Answer any FOUR questions out of Six. In about One Page. Each question carries 5 marks. (4×5=20)

2. State the tax provisions for the following:
  - a) Advance payment of tax
  - b) Types of assessment
3. Briefly explain the provisions relating to setoff and carry forward of losses.
4. Write a short note on basic framework of direct taxes.

[P.T.O.]



5. An Industrial Undertaking which commences the manufacturing activity and has acquired the following assets during the financial year 2022-23 at the cost shown against each item. Calculate the allowable depreciation for the AY 2023-24 and WDV as on 1.4.2023.

Rate of Depreciation - Furniture 10% Computers and related items - 40%,

Machinery - 15%

Sl.No.	Particulars	Date of acquisition	Date when put to use	Amount Rs.
1	Computer including computer software	27.09.2022	01.10.2022	35,000
2	UPS	02.10.2022	08.10.2022	8,500
3	Printers	01.10.2022	01.10.2022	12,500
4	Machinery	01.04.2022	01.04.2022	1,30,000
5	Office furniture	01.04.2022	01.04.2022	3,00,000
6	Laptop	26.09.2022	08.10.2022	43,000

6. ABC Ltd initially estimated its tax liability for the year 2022-23 to be Rs.4,00,000. On 15<sup>th</sup> October 2022 it revised its estimated tax liability to Rs.4,50,000. Further on 15<sup>th</sup>, 2023, it again revised its estimated tax liability to Rs.6,00,000 and paid advance tax accordingly. However, its actual tax liability for the year 2022-23 was Rs.5,70,000. Determine the interest payable u/s 234 C.
7. The net profit of Sri Ltd an Indian company as per its profit and loss a/c prepared as per the Income Tax Act 1961 is Rs.90,00,000 after debiting and crediting the following items.

Particulars	Amount
Provisions for Income Tax	Rs. 5,00,000
Provisions for Deferred Tax	Rs. 3,00,000
Proposed Dividend	Rs. 7,50,000

Depreciation including depreciation as revaluation of assets Rs.20,00,000 debited to PandL a/c Rs. 60,00,000.

Profit from industrial unit in SEZ area Rs.80,000

Provision for permanent diminution in the value of investments Rs. 70,000

Compute tax liability U/s 115 JB for AY 2023-24

### SECTION - C

**Answer any TWO questions out of Four. Each question carries 12 marks.(2×12=24)**

8. Discuss the tax holidays in respect of profits and gains from certain undertakings involved in infrastructure development undertakings u/s 80IA.





(3)

72575

9. Answer both the questions.

- a) Explain the best judgement assessment u/s 144 of IT Act 1961
- b) Explain Tax Planning, Tax Management, Tax avoidance and Tax evasion.

10. Decide which one is a better alternative - lease or buy in the following situations:

Tax rate : 26%

Cost of capital : 12%

Depreciation rate (income tax) : 25%

Lease rent: Rs. 32,000 per annum for 5 years (per Rs. 1 lakh)

Present value of Rs. 1 discounted at 12% is as follows:

Year 1=0.893; Year 2 =0.797; Year 3=0.712; Year 4= 0.636; Year 5= 0.567

The residual value at the end of fifth year is estimated Rs.5,000

Make any other suitable assumptions, if necessary.

11. The following details are furnished by R Ltd for PY 2022-23. Gross total Income is Rs. 8,10,000 which includes the following capital gain on sale of long-term capital asset - Rs.1,50,000 Short term capital gain liable for securities transaction tax u/s 111 A Rs.75,000.

The company is eligible for a deduction u/s 80IA at 30% of its income from a business which has earned Rs. 3,50,000 during the year.

Following are the donations made by the company:

- a) Zilla Saksharta Samiti Rs. 15,000
- b) PM Drought Relief fund Rs. 45,000
- c) An Institution engaged in promotion of family planning Rs. 15,000
- d) Indira Gandhi Memorial Trust Rs. 40,000
- e) Indian Olympic Association Rs. 25,000
- f) An Institution recognized u/s 80G Rs. 10,000
- g) National foundation for communal harmony Rs.25,000
- h) National defence fund set up by the Central Government Rs.45,000.
- i) A notified temple for renovation (Rs.8,000 paid in cash) Rs.23,000
- j) Prime Minister's National Relief fund Rs.35,000.

Compute the deduction u/s 80G for the AY 2023-24

[P.T.O.]



SECTION - D

Answer the following question.

(1×12=12)

12. From the following particulars of ABC Ltd, Compute the tax liability and show the utilization of tax credit for the various assessment years assuming the tax rate applicable normally is 30% and all other rates as applicable to the current assessment year.

Assessment Year	Income computed as per regular provisions	Book profit u/s 115 JB
2017-18	35,00,000	50,00,000
2018-19	25,00,000	60,00,000
2019-20	65,00,000	30,00,000
2020-21	1,20,00,000	95,00,000
2021-22	90,00,000	1,10,00,000
2022-23	75,00,000	65,00,000

2017-18 - tax as per normal provision

~~10~~  
10,50,000

and

tax as per BP -

50,00,000 × 18.5% =