

C 22688

(Pages : 3)

Name.....

Reg. No.....

**FOURTH SEMESTER M.Com. DEGREE (SUPPLEMENTARY) EXAMINATION
APRIL 2022**

(CUCSS)

M.Com.

MC 4E (F) 04—TAX PLANNING AND MANAGEMENT

(2015 to 2018 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A

*Answer all the questions.
Each question carries 1 weightage.*

1. What do you mean by Minimum Alternate Tax ?
2. Enumerate any five items of income which are totally exempt from the payment of income tax.
3. What do you understand by Transferred Balance ?
4. What do you mean by Sweat Equity Shares ?
5. Who is a Deemed Assessee ?
6. What do you mean by Belated Return ?

(6 × 1 = 6 weightage)

Part B

*Answer any six questions.
Each question carries 3 weightage.*

7. Briefly explain the difference between Tax Evasion and Tax Avoidance.
8. Enumerate briefly about the Tax planning related to Special Economic Zones (SEZ).
9. Mr. Sivan started the construction of house on 1-6-2018 and took a loan of Rs. 3,00,000 @ 15% per annum. He took another loan of Rs. 9,00,000 @ 18% per annum on 1-4-2021. The construction was completed on 30-11-2021 and was self occupied from 1-12-2021. Compute his income house property for the Assessment year 2022-23 ?

Turn over

10. The income of Mr. Salim for the Assessment year 2022-23 has been computed as under :

- A) Loss under the head income from other sources 14,000.
- B) Loss under the head income from house property 10,000.
- C) Profits and gains of business 2,10,000.
- D) Long Term Capital gain 1,50,000.

Compute the gross total income ?

11. Compute the tax liability of X Ltd. For the Assessment year 2022-23 :

- A) Business income from the sale of securities 8,50,000.
- B) Other Business income 10,00,000.
- C) Long Term Capital gain 4,00,000.
- D) Securities Transaction Tax paid 1,50,000.

(Not deducted from the business income)?

12. Briefly explain the need and significance of Tax Planning and Management.

13. Explain the following terms :

- 1. Standard deduction.
- 2. Progressive taxation.
- 3. Tax deducted at source.
- 4. Investment Allowance.
- 5. Capital gain.
- 6. Assessee-in-default.

14. Explain briefly about the tax planning on Dividend policy and Bonus shares.

(6 × 3 = 18 weightage)

Part C

*Answer any two questions.
Each question carries 6 weightage.*

15. Mrs. Susan is a Member of Parliament, received the following particulars. Compute her Total income from other sources for the Assessment year 2022-23 :

- a) M.P. Salary Rs. 3,00,000/p.y. and daily allowance Rs. 50,000.
- b) He won Rs. 20,000(Gross) from crossword puzzles.
- c) Winning from Karnataka lottery(net) received Rs. 70,000.

- d) Cash gift of Rs. 40,000 from his friend.
 - e) Rent received from letting out a building Rs. 50,000.
 - f) Dividend on preference shares of a company Rs. 20,000.
 - g) Winning from horse races 40000.
 - h) Royalty for writing books Rs. 60,000, actual expenses spent by him for writing the book is Rs. 15,000.
 - i) Dividend received from a co-operative society - Rs. 24,000.
 - j) Family pension received - Rs. 78,000 P.Y.
 - k) Interest received from the bank Rs. 25,000.
16. Discuss the rule applicable to set off and carry forward of losses.
17. Compute the tax payable by Alpha Ltd, a domestic company for the Assessment year 2022-23 under the following cases
- 1. Total income is Rs. 6,00,000 and book profit u/s 115JB is Rs. 24,00,000.
 - 2. Total income is Rs. 4,50,000 and book profit u/s 115JB is Rs. 6,50,000.

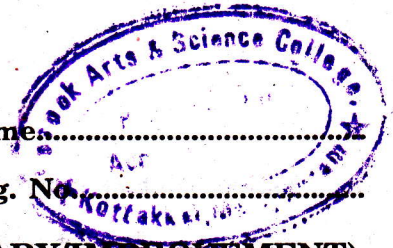
(2 × 6 = 12 weightage)

C 1701

(Pages : 3)

Name:

Reg. No.



**FOURTH SEMESTER M.Com. DEGREE (SUPPLEMENTARY/IMPROVEMENT)
EXAMINATION, MARCH 2021**

(CUCSS)

M.Com.

MC 4E (F) 04—TAX PLANNING AND MANAGEMENT

(2015 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A

Answer all questions.

Each question carries 1 weightage.

1. What is tonnage tax ?
2. What is tax holiday ?
3. Briefly explain MAT Credit ?
4. What is Perquisites ?
5. What do you mean by Investment Company ?
6. Discuss TDS ?

(6 × 1 = 6 weightage)

Part B

Answer any six questions.

Each question carries 3 weightage.

7. What are the factors to be considered while taking make or buy decisions ?
8. Explain Inter-corporate Dividend relief.
9. Write a note on Tax Planning related to Export Promotion Zones (Epz).
10. What are the methods of Tax Planning ?
11. Explain which income received by a foreign company, be taxable in India. Also mention the basic tax rate applicable to a foreign company which is based in US.

Turn over

12. Distinguish between Slump sale and demerger.
13. Sha Ltd., a domestic company, has distributed dividend of Rs. 230 lakh to its shareholders on 1/11/2018. On 1/10/2018, it has received dividend of Rs. 60 lakh from its domestic subsidiary company Yale Ltd., on which Yale Ltd. has paid dividend distribution tax under section 115-O. Compute the additional income-tax payable by Sha Ltd. Under section 115-O.
14. Following are the incomes of R, a citizen of India, for the previous year 2018-19 :
- 1 Interest on Saving Bank Deposit in Corporation Bank, Delhi Rs. 12,000.
 - 2 Income from agriculture in Africa invested in Russia Rs. 5,000.
 - 3 Dividends received in USA from an English Company, out of which Rs. 2,000 were remitted to India Rs. 12,000.
 - 4 Salary drawn for two months for working in Indian Embassy's Office in Australia and salary received there Rs. 48,000.
 - 5 Income from house property. (The building is situated in Iraq, out of which Rs. 20,000 deposited in a bank in Iraq and the balance remitted to India) Rs. 25,000.
 - 6 Pension received in Belgium for services rendered in India with a limited company Rs. 10,000.

You are required to compute his gross total income for the assessment year 2019-20 if he is :

- (a) A resident and ordinarily resident ;
- (b) Not ordinarily resident ; and
- (c) A non-resident.

(6 × 3 = 18 weightage)

Part C

Answer any two questions.

Each question carries 6 weightage.

15. Explain the various tax planning measures which an individual can adopt.
16. Kospi Ltd. Furnishes the following particulars. Compute the total income of the company and tax payable for the A. Y. 2019-20.
- 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) Unabsorbed depreciation of the A. Y. 2015-16 Rs. 11,00,000.

- c) Unabsorbed business loss brought forward Rs. 24,00,000.
- d) Short term capital gain on sale of shares (investments) Rs. 1,00,000.
- e) Long term capital gain on sale of building Rs. 2,50,000.
- f) Brought forward short term capital loss Rs. 40,000.
- g) Brought forward long term capital loss of the year 2015-16 Rs. 60,000.
- h) Gross interest from Govt. Securities Rs. 1,75,000.
- i) Bank commission for realizing the interest Rs. 8,000.

17. From the following information compute the tax payable by a tonnage tax company for the A.Y. 2019-20 :

- 1 The company has two qualifying ships. The net tonnage of Ship I is 27,749 ton 400 kg and Ship II 16,750 ton and 500 kg.
- 2 Ship I runs for 365 days during the previous year and Ship II for 150 days during the previous year.
- 3 Turnover of core activities Rs. 20 crore.
- 4 Profit from incidental activities Rs. 5.5 lakh.

(2 × 6 = 12 weightage)

C 83226

(Pages : 3 + 4 = 7)

Name.....

Reg. No.....

**FOURTH SEMESTER M.Com. [PVT/SDE] DEGREE EXAMINATION
APRIL/MAY 2020**

M.Com.

Electives—Finance

MC 4E (F) 04—TAX PLANNING AND MANAGEMENT

(2015 Admission onwards)

Time : Three Hours

Maximum : 80 Marks

Part I (Descriptive Questions)

SECTION A

Answer all questions.

Each question carries 2 marks.

1. Define a widely held company.
2. Write note on MAT provision.
3. What is tonnage tax ?
4. State the residential status of company.
5. Who is an assessee-in-default ?

(5 × 2 = 10 marks)

SECTION B

Answer any four questions.

Each question carries 10 marks.

6. When a company is said to be public are substantially interested ?
7. Explain the tax planning in respect of setting up of a business unit.
8. Explain the tax incentives available to amalgamated company.
9. Explain the tax planning provisions with regard to residential status.
10. Compute the tax payable by X Ltd. for the Assessment Year 2017-18 :
 - (a) The book profits of a company computed in accordance with the provisions of 115 JB is Rs. 12,00,000.
 - (b) The total income of the company as computed under the Income Tax Act for the same period is computed at Rs. 3,50,000.

Turn over

11. Mr. Devan has received offers from the employers of Chennai for service as under :

	A	B
Salary	1,44,000	1,80,000
D.A.	1,00,000	1,00,000
Bonus	12,000	30,000
Rent free house	1,08,000	—
House rent allowance	—	54,000
He will pay rent Rs. 900 p.m.		
	3,64,000	3,64,000

Which offer should he accept and why ?

(4 × 10 = 40 marks)

SECTION C

Answer any two questions.

Each question carries 15 marks.

12. What tax measures would you suggest with regard to management decision of 'shut down or continue' a loss making business ?

13. Following are the income of a domestic company for the year ended on 31st March 2017 :

(a) Business profit	...	4,20,000
(b) Dividend from an Indian public sector company (Gross)	...	10,000
(c) Dividend from an Indian company whose 80 % income is agricultural income (Gross)	...	9,000
(d) Income from mutual fund (Gross)	...	5,000
(e) Royalty received from a foreign concern for providing technical know how	...	16,000
(f) Fee from an Indian company for technical advice	...	12,000
(g) Dividend from a foreign company	...	8,000
(h) Company has donated to National rural Development fund during the previous year	...	8,800

Compute the total income of the company for the A.Y. 2017-18. Find out gross tax liability if the book profits of the company is Rs. 7,00,000 u/s 115 JB.

14. X and Y want to start a business, the estimated profits of which for the year are Rs. 5,00,000. They have two options for selecting a form of organization :

(a) Partnership firm :

- (i) Interest on capital of Rs. 5,00,000 each.
- (ii) Salary Rs. 1,00,000 p.a. each.
- (iii) Equal distribution of remaining profits.

(b) Company :

- (i) Rs. 2,50,000 each as share capital and Rs. 2,50,000 each as loan @ 15 %.
- (ii) Salary Rs. 1,00,000 p.a. each.
- (iii) Distribution of remaining profits as dividends equally.

Which option is better from tax point of view ?

(2 × 15 = 30 marks)

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(Pages : 3)

Name.....

Reg. No.....

FOURTH SEMESTER M.Com. DEGREE EXAMINATION, MARCH 2020

(CUCSS)

M.Com.

MC 4E (F) 04—TAX PLANNING AND MANAGEMENT

Time : Three Hours

Maximum : 36 Weightage

Part A

Answer all questions.

Each question carries 1 weightage.

1. What is a domestic company ?
2. When a company becomes resident in India ?
3. What is Tax Management ?
4. What is capital structure ?
5. What is capital gain and define 'transfer' in relation to capital gain ?
6. Distinguish between tax avoidance and tax evasion.

(6 × 1 = 6 weightage)

Part B

Answer any six questions.

Each question carries 3 weightage.

7. What are the circumstances in which tonnage tax scheme can be recommended ?
8. Site some examples of tax considerations to be made when a make or buy decision is taken.
9. Explain the tax planning in relation to dividend income.
10. What are the exemptions available to capital gains u/s 54 ?
11. Mention the limitations of tax planning.
12. Mention the effect of tax planning based on residential status.

Turn over

13. Mr. Pradeep has received the following income during the previous year :

	Rs.
Salary (computed) ...	3,80,000
Rent from house property ...	80,000
Municipal tax paid ...	10,000
Repairs paid ...	10,000
Fire insurance premium on house property ...	3,000
Long term capital gain ...	1,00,000
Dividend from an Indian company (Gross) ...	10,000

Compute GTI.

14. The following incomes were received by Mr. A during the Financial Year 2016-17 :

	Rs.
Director's fees	6,000
Income from Agricultural land (in Pakistan) ...	40,000
Interest on POSB A/c ...	1,500
Interest on Fixed Deposit in SBI ...	1,800
Winning from lottery (Net) ...	35,000
Crossword Puzzles ...	2,500
Royalty on Books ...	20,000

(Expenses in this connection Rs. 4,000)

Compute his income from other sources.

(6 × 3 = 18 weightage)

Part C

Answer any two questions.

Each question carries 6 weightage.

15. A domestic company in which public are substantially interested submits the following particulars of income of the previous year ended March 31, 2017 :

- (i) Profits of business after deduction of donations to approved charitable institution
Rs. 1,90,000
- (ii) Donation to charitable institution by cheque Rs. 30,000

- (iii) Interest on Government securities Rs. 10,000
- (iv) Dividend from a domestic company (Gross) Rs. 60,000
- (v) Long term capital gains Rs. 50,000
- (vi) Book Profits u/s 115-JB Rs. 8,00,000

During the financial year 2016-17 the company deposited Rs. 15,000 in Industrial Development Bank of India. The company distributed gross dividend of Rs.1,00,000 on 6.12.2016.

Compute taxable income for the company and tax payable by it for the Assessment Year 2017-18.

16. From the following Information determine whether the assessee should purchase an asset or take on lease :

- 1 Cost of asset Rs. 1,00,000.
- 2 Rate of depreciation 15%
- 3 Rate of interest 10%
- 4 Repayment of loan by the assessee Rs. 20,000 p.a.
- 5 Rate of tax 30.9%
- 6 Residual value Rs. 20,000 after five years.
- 7 Profit of the assessee Rs. 1,00,000 before depreciation, interest and tax/before lease rent and tax.
- 8 Lease rent Rs. 30,000 p.a.

17. Name the various income tax authorities and state the powers and functions of commissioner of income tax.

(2 × 6 = 12 weightage)

C 62219

(Pages : 6 + 4 = 10)

Name.....

Reg. No.....

FOURTH SEMESTER M.Com. DEGREE EXAMINATION, MAY 2019

M.Com.

Elective—Finance

MC 4E (F) 04—TAX PLANNING AND MANAGEMENT

(2015 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part I (Descriptive Questions)

PART A

Answer all questions.

Each question carries 2 marks.

1. Define Tax Evasion.
2. What is Minimum Alternative Tax (MAT) ?
3. What do you mean by Tonnage Tax ?
4. Define clearly the term 'Business'.
5. Define 'salaries' under the Income Tax Act.

(5 × 2 = 10 marks)

PART B

Answer any four questions.

Each question carries 10 marks.

6. Explain the difference between Tax Planning and Tax Management.
7. Following are the incomes of a domestic company for the year ending on 31st March, 2016 :

<i>Particulars</i>		<i>Amount</i>
		<i>Rs.</i>
(i)	Business profit (including export undertaking profit Rs. 1,72,000	... 4,20,000
(ii)	Income from unit trust of India	... 5,000
(iii)	Royalty received from a foreign concern for providing technical knowledge.	... 16,000
(iv)	Fee from an Indian company for technical advice	... 12,000
(v)	Dividend from foreign company	... 8,000
(vi)	Company has donated to National Rural Development fund during the previous year	... 8,800

Turn over

Compute the total income of the company for the assessment year 2016 - 17. The company has disturbed 12 % dividend on its paid up capital of Rs. 5 lakh on 1st September, 2016 before filing of its return of income.

8. Calculate the tax payable by X Ltd. For the assessment year 2016-17 :

(a) Total income is Rs. 3,00,000 and book value is Rs. 18,00,000.

(b) Total income is Rs. 14,00,000 and book profit is Rs. 18,00,000.

9. Find out the gross annual value in the case of the following properties for the assessment year 2014 - 15 (there is no unrealized rent).

(Rs. In thousands)

	X	Y	Z	A	B	C	D
Municipal value (per annum) (MV) ...	60	61	60	80	80	140	140
Fair rent (per annum) (FR) ...	65	66	64.5	78	78	150	150
Standard rent under the rent control Act (per annum) (SR) ...	59.5	59	63	85	76	120	120
Annual rent ...	72	57	72	72	NA	96	144
Property remains vacant (in number of month) ...	(1)	(1.5)	(5)	(3)	(12)	(10)	(10)
Loss due to vacancy ...	6	7.125	30	18	—	80	120

10. Mr. Raman furnishes following details of various transactions :

S.No.	Nature of asset	Date of purchase	Date of sale	Cost of purchase Rs.	Expenses on Purchase Rs.	Sale value Rs.	Expenses on sale Rs.
1	Shares of P. S. Co.	1.2.2015	4.10.2015	20,000	200	40,000	500
2	Unlisted shares of R. M. Co.	1.1.2013	31.12.2015	40,000	300	70,000	600
3.	Debentures of S. N. Co.	1.12.2015	5.3.2016	50,000	—	40,000	200
4.	Debentures of L. U. Co.	1.6.2015	31.12.2015	60,000	—	80,000	500

Compute the short term capital gains.

11. X Ltd. (demerged company) and Y Ltd. (resulting company) are two Indian companies. The following information is noted from the books of the two companies :

<i>Block assets</i>	X Ltd.	Y Ltd.
		Plant A and B (Unit I) And C and D (Unit II)
Rate of depreciation	15 percent Rs.	15 percent Rs.
Depreciated value of the block on April 1,2013 (*out of which Unit I : Rs. 13,00,000, Unit II : Rs. 17,00,000)	30,00,000*	20,00,000
New acquisition begin actual cost of :		
■ Plant E (for unit II) Purchased and put to use on June 2, 2013	1,00,000	---
■ Plant Q purchased and put to use on November 6, 2013	---	2,60,000

In a scheme of demerger unit I is transferred by X Ltd. To Y Ltd. On July 5, 2013. Find out the depreciation available to X Ltd. and Y Ltd. Assume that additional depreciation is not available on acquisition of plant E and Plant Q.

(4 × 10 = 40 marks)

PART C

*Answer any two questions.
Each question carries 15 marks.*

12. On 1- 6- 2013 'B' a Malaysian citizen left india after a continuous stay of 10 years. During the financial year 2014-15, he came back to india and stayed for a period of 46 days and left. In the previous year 2015 - 16, he came back to india on 10 - 10 -2015 and stayed here thereafter for one year.

Determine 'B' residential status for the assessment year 2016 -17.

Turn over

13. Given below is the Profit and Loss Account of the Western Mills Ltd., a domestic company in which the Public are substantially interested, for the year ended 31st March, 2016.

<i>Particulars</i>	<i>Rs.</i>	<i>Particulars</i>	<i>Rs.</i>
To Stock (opening) ...	17,82,105	By Sales ...	61,90,327
" Cotton consumed ...	25,83,685	" Rent of staff quarters ...	25,362
" Manufacturing Expenses ...	9,45,395	" Stock closing ...	13,59,480
" Wages and salaries ...	8,65,972		
" Marketing ...	61,215		
" Insurance ...	27,156		
" Establishment ...	2,79,762		
" Welfare expenses ...	17,825		
" Net profit ...	10,12,054		
	<hr/>		<hr/>
	75,75,169		75,75,169
	<hr/>		<hr/>
" Director's fees ...	2,500	" Balance b/d ...	10,12,054
" Audit fees ...	2,500	" Transfer fees ...	1,500
" Law charges ...	3,250		
" Interest ...	1,05,250		
" Repairs to building and machinery ...	14,640		
" General charges ...	25,875		
" Managing Agents remuneration ...	60,420		
" Donations ...	10,000		
" Contribution to staff provident fund ...	20,000		

		5			
			C 62219		
<i>Particulars</i>		Rs.	<i>Particulars</i>		Rs.
To Deb. Sinking fund	...	25,000			
" General reserve	...	1,00,000			
" Taxation reserve	...	3,00,000			
" Balance	...	3,44,119			
		<hr/>			
Total	...	10,13,554			<hr/>
					10,13,554
					<hr/>

You are required to compute the company's taxable income from business for the previous year 2015-16 after taking into account the following information :

- (a) Welfare expenses include Rs. 825 the cost of Pucca well built for the use of company's workers.
 - (b) Insurance Rs. 1,000 ; repairs and municipal taxes Rs. 2,150 ; included in general charges were in respect of staff quarters.
 - (c) Law charges amounting to Rs. 1,500 were incurred in connection with additional land purchased during the year.
 - (d) The staff Provident fund is recognized.
 - (e) The amount of depreciation allowance is Rs. 2,64,325.
 - (f) The company has paid advance tax of Rs. 1,70,000.
14. XYZ Ltd. Needs a components in an assembly operation. It is contemplating the proposal to either make or buy the aforesaid component :
- (a) If the company decides to make the product itself, then it would need to buy a second hand machine for Rs. 8 lakh which would be used for years. Manufacturing costs in each of the year would be Rs. 12 lakh, Rs. 14 lakh, Rs. 16 lakh, Rs. 20 lakh, and Rs. 25 lakh respectively. The relevant depreciation rate is 15percent. The machine will be sold for Rs. 1 lakh at the beginning of the six month.

Turn over

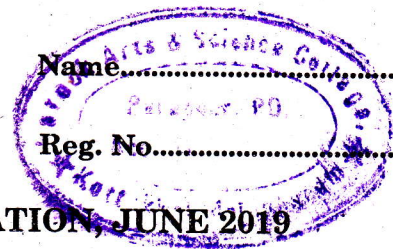
- (b) If the company decides to buy the components from supplier the components would cost Rs. 18 lakh, Rs. 20 lakh, Rs. 22 lakh, Rs. 28 lakh and Rs. 34 lakh respectively in each of the year.

The relevant discounting rate and tax rate are 14 percent and 32.445 percent respectively. Additional depreciation is not available. Should X, Y, Z Ltd. Make the components or buy from outside.

(2 × 15 = 30 marks)

C 61989

(Pages : 3)



FOURTH SEMESTER M.Com. DEGREE EXAMINATION, JUNE 2019

(CUCSS-PG)

MC 4E (F) 04—TAX PLANNING AND MANAGEMENT

(2015 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A

Answer all questions.

Each question carries 1 weightage.

1. What is a registered u/s 8 of the Companies Act ?
2. When a company becomes non-resident in India ?
3. What are the tax incentives to amalgamating company ?
4. What is bond washing transaction ?
5. What is MAT ? Give an example.
6. What is tax avoidance ?

(6 × 1 = 6 weightage)

Part B

Answer any six questions.

Each question carries 3 weightage.

7. What is DTA ? Explain.
8. What is GAAR ?
9. State the tax planning in relation to operating and financial lease.
10. What are the assets which not treated as capital assets ?
11. What do you mean by a company in which public are substantially interested ?
12. Mention the procedure of computation of income of a company assessee.
13. For the A.Y. 2017-18 a company has calculated its 'Book Profit' as per the provisions of Section 115 JB of Income Tax Act, 1961 at Rs. 95 lakh as against the total income of Rs. 30 lakh for the same period as per the Statement of Profit and Loss Account of the company. Calculate the amount of tax payable by the company.

Turn over

14. Calculate income from other sources of Sri Ramesh for the A.Y. 2017-18 :
- (i) Dividend from UTI Rs. 5,000.
 - (ii) 4% interest from POSB on Rs. 10,000.
 - (iii) Interest on FD from PNB Rs. 7,000 (Interest credited to his account).
 - (iv) Rs. 30,000, 7% Debentures of JCT Mills Ltd.
 - (v) Rs. 50,000 deposit in Haryana Financial Corporation at 12% interest p.a.
 - (vi) Rs. 5,200 interests received on National Development Bonds.
 - (vii) Rs. 1,00,000, 9% Tax-free Commercial Securities.

The Bank Charges 2% commission on collection of net amount of interest and dividend.

(6 × 3 = 18 weightage)

Part C

Answer any two questions.

Each question carries 6 weightage.

15. Roy traders Ltd. Closes its accounts on 31st March every year. During 2016-17 it had the following incomes and expenses :
- (a) Profit from business Rs. 2,00,000.
 - (b) LTCG in transfer of land Rs. 1,00,000.
 - (c) LTCG on transfer of building Rs. 1,50,000.
 - (d) STCL Rs. 60,000.
 - (e) Rent from house property Rs. 36,000.
 - (f) Municipal tax paid relating to house property Rs. 4,000.
 - (g) Dividend from an Indian company Rs. 10,000.
 - (h) Income from units of UTI Rs. 5,000.
 - (i) Dividend from a co-operative society Rs. 10,000.
 - (j) Income from Royalty from a foreign company Rs. 1,00,000.
 - (k) Calculate total income of the company for the A.Y. 2017-18.
16. For the year ended 31st March 2017, Prakash Traders Ltd. has derived the following incomes :
- (i) Profit from a manufacturing unit at Lucknow Rs. 3,50,000.
 - (ii) Profit from trading activities at Lucknow Rs. 1,00,000.
 - (iii) Dividends from another company which is a domestic company Rs. 25,000 (gross).
 - (iv) Dividend from a foreign company Rs. 10,000.
 - (v) Profit from a three star hotel at the specified district u/s 80 ID started in May, 2012 Rs. 2,00,000 ; depreciation allowance admissible being Rs. 20,000.

- (vi) The company authorised to a company in Uganda to use its registered trademark and received consideration therefrom Rs. 2,10,000, in India in Convertible foreign exchange.
- (vii) Brought forward unabsorbed depreciation Rs. 30,000 from A.Y. 2014-15 relating to manufacturing unit.
- (viii) Company distributed dividend in October 2016 Rs. 2,00,000.

You are required to calculate total income and the tax payable by the company.

17. State any three Tax Planning Tips for Salaried Employees.

(2 × 6 = 12 weightage)

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(Pages : 3 + 3 = 6)

Name.....
Reg. No.....
Acc.....
Takkal, V. V. Nagar, Bangalore

FOURTH SEMESTER M.Com. DEGREE [SDE] EXAMINATION, MAY 2018

Commerce

MC 4E (F) 04—TAX PLANNING AND MANAGEMENT

(2015 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part I (Descriptive Questions)

PART A

*Answer all questions.
Each question carries 2 marks.*

1. What is tax avoidance ?
2. Define assessment of companies.
3. What is tax planning ?
4. What is the concept of make or buy in tax planning ?
5. Definition of profession.

(5 × 2 = 10 marks)

PART B

*Answer any four questions.
Each question carries 10 marks.*

6. What are the difference between tax evasion and tax avoidance ?
7. Followings are the incomes of a domestic company for the year ending on 31st March, 2016 :

<i>Particulars</i>	<i>Rs.</i>
(i) Business profit (including export undertaking profit Rs. 1,72,000) ...	42,000
(ii) Income from Unit Trust of India ...	5,000
(iii) Royalty received from a foreign concern for providing technical knowledge ...	16,000
(iv) Fee from an Indian company for technical advice ...	12,000
(v) Dividend from a foreign company ...	8,000
(vi) Company has donated to national rural development fund during the previous year ...	8,800

Turn over

Compute the total income of the company for the assessment year 2016-17. The company has distributed 12 % dividend on its paid up capital of Rs. 5 lakh on 1st September, 2016 before filing of its return of income.

8. X purchase of house property for Rs. 26,000 on May 10, 1962. He gets the first floor of the house constructed in 1967-68 by spending Rs. 40,000. He dies on September 12, 1978. The property is transferred to Mrs. X by his will. Mrs. X spends Rs. 30,000 and Rs. 36,700 during 1979-80 and 1984-85 respectively for renewal/reconstruction of the property. Mrs. X sells the house property for Rs. 28,50,000 on March 15, 2014 (brokerage paid by Mrs. X is Rs. 24,500). The fair market value of the house on April 1, 1981 is Rs. 2,68,000.

Compute the Capital Gain.

9. X Ltd. is a widely-held company. It is currently considering a major expansion of its production facilities and the following alternatives are available :

	Alternative one Rs.	Alternative two Rs.	Alternative three Rs.
Share capital ...	50,00,000	20,00,000	10,00,000
Debentures (14 percent) ...	—	20,00,000	15,00,000
Loan from financial institution/ bank (at 18 percent) ...	—	10,00,000	25,00,000

Expected rate of return (before tax) is 25 percent. The rate of dividend of the company since 1980 is not less than 20 percent and the date of dividend declaration is June 30 every year.

10. X Ltd. manufacturer electric pumping sets. The company has the option to either make or buy from the market component Y used in manufacture of the sets.

The following details are available :

The components will be manufacturer on new machine costing Rs. 1 lakh with a life of 10 years. Material required cost of Rs. 2 per kg. and wages Rs. 0.30 per hour. The salary of the foreman employed is Rs. 1,500 per month and other variable overheads include Rs. 20,000 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. 4.30 per price.

Will it be profitable to make or buy the component ? Does it make any difference if the component can be manufactured on an existing machine ?

11. XYZ Ltd. is considering the purchase of a new machine costing Rs. 60,000 with an expected life of 5 years with salvage value of Rs. 3,000, in replacement of an old machine purchased 3 years ago for Rs. 30,000. Because of the purchase of the new machinery the annual profit before depreciation are expected to increase by Rs. 12,000. The relevant depreciation rate for the machine is 15 percent on written down value basis and the tax rate is 32.445 percent. Assume the after tax cost of capital (discounting rate) to be 14 percent and additional depreciation is not available. Advise the company suitably.

(4 × 10 = 40 marks)

PART C

*Answer any two questions.
Each question carries 15 marks.*

12. X owns a block of assets consisting of plans A and B, depreciation rate 15 percent. On April 1, 2013 depreciated value of the block is Rs. 10,40,000 (it is not qualified for additional depreciation). On July 7, 2013 the block of assets is transferred by X to Y for Rs. 30,70,000. Find out then tax consequences under the following situations :
- (i) X is amalgamating company and Y, being an Indian company, is the amalgamated company, and the block asset is transferred by X to Y in a scheme of amalgamation. Y does not own any other assets.
 - (ii) Suppose in (1) (supra) Y is a foreign company.
 - (iii) Suppose in (1) Y owns a block of assets (consisting of plans C and D, depreciation rate 15 percent) on April 1, 2013. Depreciated value of the block asset being Rs. 6,40,000. Y purchase an old plants E (rate of depreciation 15 percent) on March 10, 2014 for Rs. 2,90,000. It is put to use on the same day.
 - (iv) X is a partnership firm. It is converted into Y company. The conversion satisfies the conditions of section 47 (xiii). Y does not own any other asset.
 - (v) X is a firm, The business of X is taken over by Y, a partner in the firm. On April 1, 2013, owns plans C and D (depreciation rate 15 percent, depreciated value of the block Rs. 60,78,000). Y purchases an old plant E on December 5, 2013 (depreciation rate 15 percent, actual cost Rs. 36,000). It is put to use on the same day. On March 13, 2014, Y sells plant C for Rs. 26,40,000.
13. What are the classifications of Assessment Companies ?
14. Explain the significant features of characteristics of Business.

(2 × 15 = 30 marks)

C 22141

(Pages : 4)

Name.....

Reg. No.....

FOURTH SEMESTER M.Com. DEGREE EXAMINATION JUNE 2017

(CUCSS)

Commerce

MC 4E (F)04—TAX PLANNING AND MANAGEMENT

(2015 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A

Answer all questions.

Each question carries 1 weightage.

1. What is MAT ?
2. Distinguish between Tax Avoidance and Tax Evasion ?
3. What do you mean by not ordinarily resident ?
4. What is tonnage tax ?
5. Explain the provisions of the income tax act regarding tax rebate ?
6. What is tax holiday ?

(6 × 1 = 6 weightage)

Part B

Answer any six questions.

Each question carries 3 weightage.

7. How do you determine residential status of companies ?
8. State how would you value the following perquisites under the head salary.
 - (a) Rent free Accommodation.
 - (b) Motor Car.
9. Explain how tax planning can take place under make or buy decisions ?
10. State the provisions of the income tax Act in terms of deduction available under section 80 for industries established in backward areas ?
11. Explain the expenses which are expressly disallowed when computing total income ?

Turn over

12. Distinguish between short term capital gain and long term capital gain ?
13. A owns a residential house property. It has two identical units-unit I and unit II. While unit I is self-occupied by A and his family members, unit II is let out (rent being Rs. 7,000 per month, this unit remained vacant for one month during which it was self-occupied).

Municipal value of the property is Rs. 1,25,000. Standard rent is Rs. 1,35,000 and fair rent is Rs. 1,50,000. Municipal tax is imposed at 12% (on Municipal value) which is paid by A. other expenses for the previous year 2015-16 being repairs Rs. 5,000, insurance Rs. 6,000.

A borrowed Rs. 8,00,000 on 1-7-2012 from L.I.C at 12% p.a. to construct the property. Construction of the house was completed on June 30, 2014.

The entire loan is still unpaid.

Compute the income of Mr. A for the assessment year 2016-17 on the assumption that income of A from other sources is Rs. 2,00,000.

14. From the following data, you are required to work out the capital gains for assessment year 2016-17 :

(i) Site purchased in 1975 value	...	Rs. 0.33 lakh.
(ii) Market value of site on 1.4.1981	...	Rs. 0.75 lakh.
(iii) Ground floor-Cost of construction in 1981	...	Rs. 1.50 lakh.
(iv) First floor-Cost of construction in 1985	...	Rs. 2.66 lakh.
(v) Sale consideration received in 2015	...	Rs. 65.00 lakh.
(vi) Investment in new property	...	Rs. 15.00 lakh.

Assume that the property being sold and new property being acquired are both residential.

Index 1985-86 = 133, 2015-16 = 1,081.

(6 × 3 = 18 weightage)

Part C

Answer any two questions.

Each question carries 6 weightage.

15. The Profit and Loss Account of XY Ltd., for the year ended 31st March 2016 shows a Net profit of Rs. 15,00,000. The credits and debits in the Profit & Loss Account include the following items among others :

<i>Credits :</i>	Rs.
(i) Dividend from an Indian Company (Gross) ...	1,00,000
(ii) Net Rent from House Property (Let out to outsiders) after debiting repairs Rs. 1,000 and Municipal Tax Rs. 3,000 ...	23,000
 <i>Debits :</i>	
(i) Provision for Taxation ...	20,00,000
(ii) Salary to the Sales Manager, at Rs. 8,500 per month. Cost of perquisites allowed to him Rs. 14,000 for the year ...	1,16,000
(iii) Cost of maintenance of a liason office in New York for promoting exports ...	60,000
(iv) Legal expenses for contesting a suit for eviction from a premises used as a showroom ...	3,000
(v) Expenses for obtaining a loan from a financial institution for acquiring new machinery ...	20,000
(vi) Amount embezzled by the cashier of the company, which is irrecoverable ...	15,000

The company has distributed dividend Rs. 9,00,000 on 16.10.2015. Compute the total income and tax payable by the company for the relevant assessment year.

Turn over

16. Mr. Ram an Indian resident aged 67 years, submits before you, particulars of his income for the purpose of computing the gross tax for the assessment year 2016-17.

	Rs.
1 Interest on Govt. Securities	...
2 He runs a business of publication of books, the net income from this business	9,000
3 He has also held an agency of insurance, by way of which he earned a commission (net).	... 5,55,000
4 He has an income from interest on a loan of Rs. 60,000 to a firm at 15% p.a	... 13,000
5 Short-term Capital Gains	... 9,000
	... 9,000

He claims the following deductions :

- (a) Rs. 600, interest on loan which he took for paying income-tax.
- (b) Expenses of Rs. 5,000 on an appeal against income-tax assessment.
- (c) Donation to the Govt, for family planning Rs. 3,000.

17. Explain the powers and duties of the various authorities under the Income Tax Act ?

(2 × 6 = 12 weightage)

C 22711

(Pages : 6)

Name.....

Reg. No.....

**FOURTH SEMESTER M.Com. DEGREE (PVT/SDE) EXAMINATION
APRIL 2017**

MC 4E (F) 04—TAX PLANNING AND MANAGEMENT

(2015 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A

Answer all questions.

Each question carries 2 marks.

1. What is Tax Planning ?
2. Define a Company.
3. Define income from House Property.
4. What do you mean by Amalgamation ?
5. Define Expand or Contract in respect to Tax planning.

(5 × 2 = 10 marks)

Part B

Answer any four questions.

Each question carries 10 marks.

6. Mr. Arun an India citizen, stayed in India for 182 days during the previous year 2015–16. Determine Mr. Arun's residential status for the assessment year 2016–17 on the assumption that during the financial year 2005–2006 to 2014–15 he was present in India as follows :

Years	Days
2005 -2006	66 days
2006-2007	180 days
2007-2008	20 days
2008-2009	50 days
2009-2010	50 days
2010-2011	59 days
2011 -2012	180 days
2012-2013	50 days
2013-2014	58 days
2014-2015	59 days

Compute the Residential Status.

Turn over

7. X, Y and Z are persons (aged 32 years) of Indian origin, through their residential status is non-resident. During the previous year relevant for the assessment year 2014-15, their income from investment in India is as follows :

Particulars	X Rs.	Y Rs.	Z Rs.
(a) Interest on deposit with public limited companies received on March 31,2014	30,000	60,000	2,80,000
(b) Interest on Government securities received on December 31,2013	1,95,000	2,40,000	2,40,000
(c) Interest on deposits with private limited companies on September 30,2013	—	2,30,000	7,25,000
(d) Tax deducted at source, i.e., at 20.6% in respect of foreign exchange assets			
(a) and (b) and at 30.9 percent in respect of (c)	46,350	1,32,870	3,31,145

Determine the amount of tax liability / refund for the assessment year 2014–15. Also discuss whether the assesses should opt under section 115–1, not to be governed under the provisions of sections 115C to 115–1.

8. Compute the net salary in the following cases for the assessment year 2016-17 :

- (a) Basic salary Rs. 10,000 p.m. DA Rs. 500 p.m., CCA Rs. 200 p.m., commission Rs. 500., bonus 700 p.m., Professional tax paid by employer Rs. 1,200, Employer contribution to SPF Rs. 3,000 p.m., Interest credited to SPF during 2015–2016 Rs. 30,000 at 15%. As is Govt. employee.

He is in receipt of entertainment allowance at Rs. 1,000 per month.

- (b) Basic salary Rs. 3,000 p.m., DA Rs.200 p.m., Bonus Rs. 5,000. Professional Tax paid by assesses Rs. 1,500. Entertainment allowance received from his employer at 500 per month. His employer is a Ltd. Company.

- (c) Basic salary Rs. 10,000 p.m., DA Rs. 1,000 p.m., entertainment allowance Rs. 5,000 p.a., he is employed in LIC.
- (d) Basic salary Rs. 40,000 p.m., DA Rs. 20,000 p.a..
- (e) Basic salary Rs. 80,000 p.m. commissions Rs. 7,00,000.
9. X is in employment of A ltd., drawing salary of Rs. 5,70,670, during the financial year 2014 –15. He contributes Rs. 40,000 towards public provident fund. The following information submitted by X in respect of other income to his employer :

Particulars	Rs.
Income from consultancy	70,000
Tax deducted by the payer under section 194J	7,000
Expenses on earning the above income	68,250
Short - term capital loss	(-) 6,000
Loss from self occupied house property	(-) 40,000
Loss from let out house property	(-) 61,000
Tax deducted by the payer of rent	6,240

On receipt of the above information, A ltd. Will make the following two computations :

- (1) Under the computation, all other income declared by the employee will be considered.
 - (2) Only salary income will be considered.
10. Explain the salient features of Capital Structure.
11. Write the classifications of form of Dividends.

(4 × 10 = 40 marks)

Turn over

Part C

*Answer any two questions.
Each question carries 15 marks.*

12. The following are the incomes of Shri Kishore for the previous year 2015-16 :

- (a) Profits from business in Australia received in India Rs. 15,000.
Profits received from business in Chennai - Rs. 10,000.
- (b) Income from house property in U.K. received in India Rs. 10,000.
Interest on Indian government securities received in India Rs. 1,00,000.
- (c) Income from house property in USA deposited in a bank there Rs. 1,00,000 (computed).
- (d) Profits earned and received from business in Mumbai Rs. 50,000.
- (e) Profits accrued/earned in India received in Singapore Rs. 40,000.
- (f) Income from agriculture in USA Rs. 70,000 entire amount spent there for daughter education.
- (g) Interest on foreign government securities received in U.K. and deposited there is Rs. 30,000.
- (h) Profits of a business established in Hong Kong, deposited in a bank there Rs. 2,00,000, the business controlled from India.
- (i) Profits of a business established in Germany and received in Germany from a business controlled from Germany Rs. 4,00,000.
- (j) Past untaxed foreign income brought into India during the previous year Rs. 60,000.

From the above particulars ascertain the taxable income of Shri Kishore for the previous year 2015-16, if he is : (i) a resident, (ii) a not ordinarily resident, (iii) a non - resident.

10 Shri. Shingh is practicing as a Chartered Account in Delhi. He deposits all receipts in his bank account and pays all expenses by cheque. Following is the analysis of his bank account for the year ending 31- 3-2016. Compute his income from profession :

Particulars	Rs.
<i>Receipts :</i>	
i. Consultation	4,00,000
ii. Audit fees	90,000
iii. Appellate Tribunal appearance	50,000
iv. Presents from clients	20,000
v. Interest on govt, securities	60,000
vi. Rent received from house	70,000
vii. Loan from house	1,00,000
viii. Miscellaneous	7,000
<i>Payments :</i>	
i. Computer purchase	50,000
ii. Stipend to articled clerks	24,000
iii. Office expenses	30,000
iv. Office rent	15,000
v. Salaries and Wages	18,000
vi. Printing and Machinery	5,000
vii. Subscription to books for professional use	10,000
viii. Travelling expenses	12,000
ix. Interest on loan	15,000
x. Donation of NDF	20,000

Turn over

Additional information :

- Travelling expenses are incurred for profession.
 - Computer is purchased on 1-8-2015 and used for office purpose.
 - 50% of the books were purchased in august 2016.
 - $\frac{1}{2}$ of traveling expenses are disallowed.
 - $\frac{1}{2}$ of the loan from client is used for personal purpose.
14. Mr. Panneerselvam owned two motor cars which were mainly used for business purpose. The written down value on April 1, 2015 of these cars is Rs. 1,81,000. The block of assets comprising of only these two cars, was sold in June 2015 for Rs. 1,50,000. In September 2015, he sold 1,000 shares in X Ltd. (unlisted) an Indian company, for Rs.30,00,000. He had purchased the same during March, 1995 for Rs.3,10,000. A house plot purchased in march, 1991 for Rs.3,00,000 was sold by him for Rs.9,35,000 on January 18,2016. (CII 94-95:259, 1990-91:182, 2015-2016: 1081). Compute the capital Gains chargeable to tax in respect of the above transactions for the year 2016 - 17.

(2 × 15 = 30 marks)

D 42615

(Pages : 3)

Name.....

Reg. No.....

FOURTH SEMESTER M.Com. DEGREE EXAMINATION, JUNE 2018

(CUCSS)

MC 4E (F) 04—TAX PLANNING AND MANAGEMENT

(2015 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A

Answer all questions.

Each question carries 1 weightage.

1. What are the current rates of Tax for Individual assesseees ?
2. What is TDS ?
3. State how Tax Planning is possible when an assessee receives income from Salary ?
4. How would you set off long term capital losses incurred in a previous year ?
5. Explain the provisions of the Income Tax Act regarding allowable deductions from Income form House Property ?
6. What is PAN ?

(6 × 1 = 6 weightage)

Part B

Answer any six questions.

Each question carries 3 weightage.

7. Explain the relevance of residential status and tax implications there from ?
8. Give five examples for incomes exempt from tax ?
9. Distinguish between taxation at general rates and taxation at special rates ?
10. State the provisions of the income tax Act under sec. 80G on deductions for Donations made ?
11. Explain the various Tax planning measures to reduce tax liability under the head Capital gains ?
12. What are the deductions available from the Gross total Income of a corporate assesseees ?
13. Sri Agrawal earned GTI of Rs. 5,00,000 in the P.Y and made the following donations during the year :

Turn over

- (a) Rs. 10,000 to CM's Earthquake relief fund Maharashtra.
- (b) Rs. 15,000 to National Foundation for communal harmony.
- (c) Rs. 40, 000 to Municipality for family planning.
- (d) Rs. 25, 000 to approved institutions.

Compute the amount of deduction admissible u/s 80G for the current A.Y.

14. From the following particulars submitted by Shri. Ashok for the previous year 2015-16, compute his GTI if he is :

- A. Resident and ordinarily resident.
- B. Resident but Not ordinarily resident.
- C. Non-resident.

- 1. Income from agricultural in Sri Lanka, received in Sri Lanka, But remitted to India -Rs. 20,000
- 2. Pension from an Indian employer received abroad -Rs. 12,000
- 3. Past untaxed profits brought to India-Rs. 50,000
- 4. Rental income from property in Nepal received outside India- Rs. 17,000
- 5. Annual value of a single self-occupied property in India- Rs. 3,600.

(6 × 3 = 18 weightage)

Part C

Answer any two questions.

Each question carries 6 weightage.

15. Prakash Traders Ltd. is a company in which the public are substantially interested. For the year ending 31st March, 2016, it has derived the following incomes :

- (a) Profit from a manufacturing unit at Lucknow Rs. 3,50,000 (Item included in Schedule XI).
- (b) Profit from trading activities at Lucknow Rs. 1,00,000.
- (c) Dividends from another company which is a domestic company Rs. 25,000 (Gross).
- (d) Dividend from a foreign company Rs. 10,000.
- (e) Profit from a hotel at Kanpur started in Sep. 2000 Rs. 2,00,000 ; Capital employed being Rs. 15,00,000 ; Depreciation allowance admission being Rs. 20,000.
- (f) The company authorized a company in Uganda to use its registered trademark and received consideration there from Rs. 2,10,000 in India in convertible foreign exchange.
- (g) Brought forward unabsorbed depreciation Rs. 30,000 from A.Y. 2012-13 relating to manufacturing unit.
- (h) Company distributed dividend in October 2015 Rs. 2,00,000.

You are required to calculate total income and the tax payable by the company.

16. Find out the taxable income of Shri Shyam Sunder Lal under different heads on the basis of following particulars :

Profit and Loss Account

For the year ended 31st March, 2016

	Rs.		Rs.
Interest ..	1,800	Gross Profit b/d ..	3,22,700
Repairs and Renewals ..	2,200	Interest on notified	
Insurance ..	4,200	Debentures of an	
Depreciation ..	5,600	institution (Gross) ..	10,000
Compensation ..	10,200	Rent from House Properly ..	36,000
Law Charges ..	5,100		
Labour Welfare			
Expenditure ..	3,800		
Subscriptions ..	5,800		
Net Profit ..	3,30,000		
	3,68,700		3,68,700

- (a) (i) Interest include Rs. 200 on loan taken for purchasing debentures of a company and Rs. 300 on loan taken for reconstruction of house property let out.
- (ii) The expenses relating to house property let out are 40% of the repairs and renewal expenses.
- (iii) Depreciation includes Rs. 1,200 on house property let out.
- (iv) Compensation was paid to an employee, whose dismissal was in business interest.
- (v) Insurance includes 30% for fire insurance of the house property let out, 30% for workers accident insurance and the balance for life insurance.
- (vi) Law charges include Rs. 2,000 relating to a petition filed against breach of a contract and the balance regarding sales tax appeal.
- (vii) Subscription include Rs. 2,000 given for election purposes to political parties.
- (b) The amounts not debited to profit and Loss Account are as follows :
- (i) Expenses incurred on the occasion of Deepawali Rs. 500.
- (ii) Theft of cash from iron safe Rs. 1,500.
- (iii) Expenses for new telephone connection in the business Rs. 2,000.

17. Explain the various Tax planning measures which a corporate entity can adopt ?

(2 × 6 = 12 weightage)