



K17P 0494

Reg. No.:

Name :

Fourth Semester M.Com. Degree (Reg./Supple./Imp.)
Examination, March 2017
(2014 Admn. Onwards)
Elective A – Finance
COM4E04 : CORPORATE TAX PLANNING AND MANAGEMENT

Time : 3 Hours

Max. Marks : 60

SECTION – A

Answer **any four** questions. 1 mark to Part (a) 3 marks to Part (b) and 5 marks to Part (c).

1. a) Mention the tax implications of lease or buy decision.
b) Explain the incidence of tax with respect to capital gains.
c) What tax considerations to be kept in mind when deciding the dividend policy ?
2. a) When does the claim for refund arise ?
b) State the provisions regarding interest on delayed refunds.
c) Explain briefly different modes of recovery of tax.
3. a) What is meant by 'self assessment tax' ?
b) What are the various Income Tax Authorities constituted under the Act ?
c) Write a note on 'Summary Assessment'.
4. a) Define 'Domestic Company'.
b) Distinguish between assessment of Registered firm and unregistered firm.
c) Smt. Philo, a resident attained the age of 68, this year. She had the following incomes for the previous year ending 31-3-2017.
Short term capital gains on sale of shares Rs. 26,000. Long term capital gain on sale of land Rs. 1,76,000. Long term capital loss on sale of shares Rs. 10,000. Calculate the tax liability.

P.T.O.



5. a) When does the liability for advance tax arise ?
- b) X a partner in a firm showed his share of income in his return. He also mentioned that one of the partners was his wife. After completing the assessment, the ITO realised that he should have clubbed the share of the assessee and his wife. Can the ITO re-open the assessment ?
- c) Discuss the admissibility of the following items with respect to a registered partnership firm.
- 1) Salary paid to partner
 - 2) Interest on capital
 - 3) Rent paid to one partner for the portion of the building owned by him which is used by the firm.
 - 4) Expenses on repair of the above part of the building.
 - 5) Donation to approved bodies.
6. a) Distinguish between tax avoidance and concealment of income.
- b) How is cost of acquisition calculated with respect to Bonus shares for calculating capital gains ?
- c) During the year 2016-17 a Charitable Trust derived income of Rs. 4,00,000 from the property held under trust for charitable purposes. The Trust actually spent Rs. 2,60,000 during the previous year. Determine the taxable income of the Trust.
- (4×9=36)

SECTION – B

Answer the following. **Each** question carries **12** marks.

7. a) A, B, C and D are partners in a firm sharing profits and losses in the ratio of 30%, 25%, 20% and 25% respectively. After six month D left the firm and E was taken in. The new profit sharing ratios are A-25%, B-25% ,C-25% and E-25%.
- Profits of the firm for the previous year ended 31st March 2016 amounted to Rs. 1,20,000, which included gross interest of Rs. 7,500 on securities and interest of Rs. 3,000 charged to A on his debit balance. The profit of Rs. 1,20,000 has been arrived at after debiting the following :
- Interest on capital to 'B' Rs. 4,000
Salary to C & D Rs. 1,200 and Rs. 6,000 respectively
Rent Rs. 5,000 paid to D.
Commission Rs. 2,400 paid to E
Donation to charity Rs. 6,000
Compute the total income of the firm and show its allocation among partners.

OR



b) Universly Co-operative Society furnishes the following income for the year 2016-17.

| | Rs. | | Rs. |
|--|--------|---------------------------------------|-------|
| Income from canteen | 20,000 | Interest on securities (gross) | 5,000 |
| Income from general merchandise | 13,000 | Income from house property | 6,000 |
| | | Dividend from another Co-Op. Society. | 4,000 |
| Income from credit facilities to members | 8,000 | | |

Determine the gross total income of the society.

8. a) The net profit of a company for the previous year 2016-17 as per company accounts works out to be Rs. 6,00,000. The following items are deducted to arrive at the net profit.

| | Rs. |
|--|----------|
| 1) Accrued liability of gratuity (No gratuity fund created) | 50,000 |
| 2) Foreign tour expense of Directors | 25,000 |
| 3) Foreign tour expense of Director's wife | 15,000 |
| 4) Penalty for violating import rules | 20,000 |
| 5) Expenses incurred on tax proceedings | 15,000 |
| 6) Expenses for filing tax return | 5,000 |
| 7) Dividend paid | 70,000 |
| 8) Transfer to General Reserve | 2,00,000 |
| 9) Sales tax and duty | 40,000 |
| 10) Provision for Income Tax | 60,000 |

You are required to list the inadmissible items from the above.

OR

b) An unregistered firm of AB&C (Sharing ratio 6 : 1 : 2) . Shows a loss of Rs. 36,000 after paying salary of Rs. 30,000 to B and Rs. 26,000 to C. Other incomes of AB & C are Rs. 18,000, Rs. 2,000 and Rs. 3,000 respectively.

Determine the taxable income and tax liability of the firm and partners for the current assessment year.

(2x12=24)