



K25P 0853

Reg. No. :

Name :

IV Semester M.Com. Degree (C.B.C.S.S. – OBE – Regular)
Examination, April 2025
(2023 Admission)

CMCOM04E01 : CORPORATE TAX PLANNING AND MANAGEMENT

Time : 3 Hours

Max. Marks : 60

SECTION – A

Answer **any five** questions in this Section. **Each** question carries **3** marks.

1. What is tonnage system ?
2. What is the tax treatment of anonymous donation of Trust ?
3. What is faceless Assessment Scheme ?
4. What is Double taxation relief ?
5. What is advanced ruling ?
6. Explain the concept of Tax Management. (5×3=15)

SECTION – B

Answer **any three** questions in this Section. **Each** question carries **5** marks.

7. The book profit of a company in the Previous Year 2023-24 computed in accordance with Sec : 115JB of the Income Tax Act is Rs. 12,00,000. The total income for the same period is computed at Rs. 3,50,000. Is the company is liable to pay tax Minimum Alternative Tax ? (Assume MAT rate 15%).
8. X, Y and Z are partners of a firm with equal share. The Profit and Loss Account for the year ended 31-03-2024 shows a net profit of Rs. 2,80,000 after debiting Rs. 7,000 paid to X at 20%, Rs. 60,000 for salary paid to Y and Rs. 44,000 for rent of the business premises paid to Z. Compute the book profit of the firm. The firm fulfills the conditions of Section 184.

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9. A public Charitable Trust derived a gross income of Rs. 16 Lakhs which consist of the following :
 - a) Income from properties held under trust is Rs. 8,00,000.
 - b) Net Income from business is Rs. 50,000 – Aggregate business receipt is Rs. 3,00,000.
 - c) Voluntary contribution – Rs. 7,50,000.
 The Trust applied Rs. 11,60,000 towards charitable purpose including repayment of loan taken for construction of orphan home – Rs. 3,60,000. Compute the taxable income of the trust.
10. The directors of a domestic company, whose existing capital is 1 crore rupees (all in equity capital) proposes to expand its business for which an additional investment of Rs. 50 lakhs would be needed. The entire money can be raised either by issue of equity shares or by issue of 10% debentures. They decide in favour of issue of equity shares.
 As a Tax consultant, do you approve the proposal ? Assume that the rate of return is 20% and rate of income tax is 25% including cess.

11. Distinguish between tax evasion and tax avoidance. (3×5=15)

SECTION – C

Answer **any three** questions in this Section. **Each** question carries **10** marks.

12. M/s Alpha and Beta is a partnership firm engaged in trading. The firm consists of two partners, A and B, sharing profits in the ratio of 60:40. The firm's net profit before partner's salary and interest is ₹ 12,00,000 for the financial year. The firm provides :
 - Salary to partner A : ₹ 3,00,000
 - Salary to partner B : ₹ 2,00,000
 - Interest to partners (A&B) : ₹ 1,00,000.
 The firm satisfies all the conditions under Section 184 of the Income Tax Act, 1961 and wants to compute its tax liability. Assist the firm to compute its tax liability.



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13. XYZ Ltd. is a company engaged in manufacturing activities. For the financial year 2023-24, the company has computed its net profit as per the Profit and Loss Account under the Companies Act, 2013, as ₹ 12,00,000. The following additional information is available.
 - 1) Depreciation as per books : ₹ 2,50,000.
 - 2) Depreciation as per Income Tax Act : ₹ 3,20,000.
 - 3) Donation to a political party (debited in P&L account) : ₹ 80,000.
 - 4) Provision for taxation (debited in P&L account) : ₹ 1,50,000.
 - 5) Brought forward business loss as per Income Tax Act : ₹ 2,40,000.
 - 6) Brought forward unabsorbed depreciation as per Income Tax Act : ₹ 1,60,000.
 Compute the Minimum Alternate Tax (MAT) liability of the company under Section 115JB of the Income Tax Act, 1961. Assume the MAT rate is 15% (plus surcharge and cess ignored).
14. Explain tax planning strategies of the following business decisions.
 - a) Make or Buy.
 - b) Shut down or continue.
 - c) Own or lease.
15. Briefly explain the advantages and disadvantages of tax planning.
16. An Association Of Persons (AOP) consisting of three members (A, B and C) is engaged in real estate development. The AOP fails to comply with Section 184 as it does not have a valid partnership deed and does not file its return with verified profit-sharing ratios.

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The financial details for the assessment year 2023-24 are as follows :

Income details :

- Net business profit (as per books) = ₹ 40,00,000.
- Capital gains from the sale of land (held for 5 years) = ₹ 18,00,000.
- Dividend income from domestic companies = ₹ 2,00,000.

Expenses (paid to members) :

- Interest paid on capital :
 - A = ₹ 1,50,000
 - B = ₹ 2,00,000
 - C = ₹ 2,50,000
- Salary paid for managing AOP business :
 - A = ₹ 3,00,000
 - B = ₹ 3,50,000
- Commission paid to C = ₹ 2,00,000.

Additional Information :

- The profit-sharing ratio of A, B and C is 40% : 35% : 25%.
- The AOP's business income exceeds ₹ 10 lakh, making it liable for Maximum Marginal Rate (MMR) taxation.
- Compute the tax liability of the AOP and its members. (3×10=30)