

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER 3 – EXAMINATION – WINTER 2018

Subject Code: 2830009**Date: 06/12/2018****Subject Name: CORPORATE TAXATION****Time: 10:30 AM To 01:30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions with reference to P.Y.2017-18 & A.Y.2018-19
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

Q.1 Multiple Choice Questions. (1 Marks Each)

(a)

Rebate under section 87A is available to _____ if net income does not exceed _____ and subject to maximum limit of Rs _____

- | | | |
|---|--------------------------------------|--------------------------------------|
| 1 | A. Resident Individual, 500000, 5000 | B. Resident Individual, 350000, 2500 |
| | C. All assessee, 500000, 5000 | D. HUF, 250000, 5000 |

Deduction in respect of specified business – section 35AD

- | | | |
|---|---------|---------|
| 2 | A. 100% | B. 120% |
| | C. 150% | D. 105% |

Estimated income of assessee engaged in any business except plying, hiring of vehicles under 44AD in case of non banking channel is

- | | | |
|---|-------------------|---------------------|
| 3 | A. 8% of Turnover | B. 2 % of Turnover |
| | C. 5% of Turnover | D. 2.5% of Turnover |

4 Identify odd one out for Arms length price methods

- | | | | |
|---|--------------------------------------|---|---------------------------|
| A | Comparable Uncontrolled price method | B | Resale price method |
| C | Profit split method | D | Double Taxation Agreement |

5 Loss from activity of owning and maintaining race horses can be carried forward for

- | | | | |
|---|---------|---|----------|
| A | 2 years | B | 4 years |
| C | 1 years | D | 10 years |

6 GST is

- | | | | |
|---|------------|---|--------------|
| A | Direct tax | B | Indirect tax |
| C | MAT | D | AMT |

Q.1 (b) Answer the following in brief with reference to P.Y.2017-18 & A.Y.2018-19 (1 Marks Each) 04

1. Rebate under section 87A
2. Tax rate under section 115-0 (i.e. DDT)
3. List out different Indirect Taxes in India
4. Double Taxation Relief.

- Q.1 (c) Specify whether the following acts can be considered as (i) Tax planning; or (ii) Tax management; or (iii) Tax evasion. 04
- Mr. P deposits Rs 1,00,000 in PPF account so as to reduce his total income from Rs 3,40,000 to Rs 2,40,000.
 - SQL Ltd. maintains register of tax deduction at source affected by it to enable timely compliance.
 - An individual tax payer making tax saver deposit of Rs 1,00,000 in a nationalized bank.
 - A partnership firm obtaining declaration from lenders/depositors in Form No. 15G/15H and forwarding the same to income-tax authorities.

- Q.2 (a) Explain specified domestic transactions Sec. 92BA of Income Tax Act, 1961 with reference to Transfer Pricing provisions. 07
- (b) Write brief note on provisions related to Advance Ruling as per Income Tax Act, 1961. 07

OR

- (b) Mr. provides you the following information. Compute tax liability of MrX for A.Y.2018-19. 07
- Income from salary Rs485000
 - Income from house property Rs25000
 - Other income Rs35000
 - Investment in PF for deduction under section 80C Rs10000
 - Mediclaime premium Rs3000
 - TDS deducted Rs1000.

- Q.3 (a) Discuss the provisions of tax planning with reference Capital structure decisions. 07
- (b) On 1.4.2017 depreciated value of block of assets (Rate of depreciation-15%) is Rs.80, 000. It consists Plant A and B. The assessee purchase plant C (Rate-15%) on December 28, 2017 for Rs.30, 000 and sells plant A on 3.5.16 for Rs.1, 80,000. Calculate Amount of depreciation for PY 17-18 as it is very significant tax planning provision. 07

OR

- Q.3 (a) Discuss different tax practices in India with reference to Tax Planning, Tax Evasion, Tax Avoidance and Tax Management. 07
- (b) Kakaji Co. is a limited liability partnership (date of commencement of business June 1,2017). It owns and operates retail outlets in different parts of North India. During the previous year 2017-18, it appoints the following persons 07

Date of appointment	No of employees	Post of	Salary per person (Rs)
May 1, 2017	8	Storekeeper	18,000
June 1, 2017	12	Salesperson	25,000
July 1, 2017	4	Supervisor	28,000
October 1, 2017	25	Helper	11,000
Total	49		

Determine the amount of deduction available under section 80JJA for deduction in respect of employment of new employees for the assessment year 2018-19 assuming that turnover of X & Co. for the previous year 2017-18 is Rs. 6 crore and tax audit under section 44AB is applicable.

- Q.4 (a) State any 7 exempted incomes of non-resident. 7
- (b) X ltd, a company providing telecommunication services obtains a 7
 telecom license on 20.4.2017 for the period of 10years which ends on
 31.3.2027 (license fees being Rs.18lakh).Find out the deduction amount
 u/s35ABB if
- Entire amount is paid on 6.5.2017 or
 - Entire amount is paid on 1.4.2018
 - Entire amount is paid in three equal installments on 30.4.2017,
 30.4.2018, and 30.4.2019

OR

- Q.4 (a) Elaborate Associated Enterprise with reference to Transfer Pricing. 07
- (b) Mr.Jagga Singh is engaged in business of plying goods carriages. On 07
 1.4.2017, he owns 10 trucks (out of 6 are heavy goods). On 6.5.2017, he
 sold one of the heavy goods vehicle and purchase light goods vehicle on
 10.5.2017. The new vehicle could however be put to use only on
 17.6.2017. Compute total income of Mr.Jagga for A.Y2018-19 after
 considering followings:

Particulars		Amt.Rs
Freight charges collected		445000
Less:		
Operational exp	320000	
Depreciation sec.32	95000	
Other office exp	7500	
		422500
Net profit		22500
Other business and non business income		335000

Q:5 Following is the profit and loss account of Z Ltd. for the year ended on 31-3-2018

Particulars	Amount	Particulars	Amount
To Raw material consumed	23,25,000	By Sale	1,60,00,000
To Rent	3,50,000	By Closing Stock	10,00,000
To Salary & Wages	12,00,000	By Revaluation Reserve	25,000
To Depreciation	5,00,000	By General Reserve	65,000
To Provision for contingencies	75,000	By Dividend (Domestic Co.)	35,000
To Wealth Tax	50,000		
To Provision for bad debts	40,000		
To Proposed dividend	1,00,000		
To Provision for Income tax	1,05,000		
To Net Profit	1,23,80,000		
	1,71,25,000		1,71,25,000

Additional Information

- Company is entitled to get exemption u/s 10(38) Rs1,00,000
 - The amount of depreciation includes depreciation on revaluation of assets Rs 50,000.
 - Further, for the purpose of Income tax, depreciation is Rs4,00,000.
 - Turnover of the company during the previous year was Rs 53 crores
 - In past few years, company had suffered losses, following balances are still unabsorbed:
- | | As per Income tax Act | As per books of Accounts |
|--------------|-----------------------|--------------------------|
| Depreciation | Rs65,00,000 | Nil |
| Losses | Rs35,50,000 | Nil |

As a tax consultant you are required to compute book profit for AY 2018-19. (14Marks)

OR

Q:5 You are provided following independent situation of X ltd. Explain tax treatment in following independent cases. (6+6+2 Marks)

- a) Business profit of X ltd, a tea growing & manufacturing company is Rs.70lakh for the A.Y2017-18. It deposits Rs.25lakh in “special account” for claiming deduction u/s 33AB. It wants to claim set off of brought forward business loss of Rs.1200000.
- b) By withdrawing Rs.20lakh on 20th Jan’2018 from the special account. X ltd purchase a non depreciable assets for Rs.18 lakh according to scheme framed by Tea board. The remaining amount of Rs.2lakh is not utilized up to 31.3.2018
- c) The assets which is purchased for Rs.18 lakh is sold to Y for Rs.31 lakh on 3rd Dec’2020.

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