



III Semester M.B.A. Degree Examination, January/February 2019
(CBCS Scheme)
(2014 – 15 & Onwards)
Management

Paper – 3.3.2 : CORPORATE TAX PLANNING AND MANAGEMENT

Time : 3 Hours

Max. Marks : 70

Instruction : Answer all the Sections.

SECTION – A

Answer **any five** of the following questions, **each** question carries **five** marks.

(5×5=25)

1. "Tax planning is not possible without Tax management". Discuss.
2. Explain the procedure of GST Returns and types of Returns.
3. The WDV of a block of assets on 1st April 2017 comprising twelve machines is ₹ 13,00,000 at 25% depreciation. A new machine falling within that block is acquired on 1st Nov. 2017 for ₹ 3,00,000 on 20th March 2018 all the twelve old machines were sold for ₹ 2,00,000 leaving only the newly acquired machine within the block. Determine the amount of Depreciation. The Assessee is not entitled to additional Depreciation on machine.
4. A company requires a component from the following information suggest to the company whether it should make the component or buy it from the market.

Making the component

A new machine will be purchased for ₹ 20,00,000 after 5 years it will be sold for ₹ 5,00,000. If there is any loss on sale of machine, it will be set-off against any other STCG. Rate of Depreciation 15% manufacturing cost of component .

I year ₹ 15,00,000

II year ₹ 18,00,000

III year ₹ 20,00,000

IV year ₹ 22,00,000

V year ₹ 24,00,000

Rate of Tax 30%

Buying the component

Cost I year ₹ 18,00,000

II year ₹ 21,00,000

III year ₹ 23,00,000

IV year ₹ 25,00,000

V year ₹ 28,00,000

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5. Value of supply of goods and services of manufacturer in inter-state is ₹ 1,000, value of supply of goods and services within state is ₹ 1,000. IGST rate on supply of goods and services is 12%, CGST and SGST rate is 6% each. Value of receipt of goods and services within state is ₹ 1,500, SGST and CGST rate on receipts is 6% each. Calculate tax liability.
6. Mrs. and Mr. Ram visited Japan and brought following goods while returning to India. Their personal effects valued at ₹ 85,000. A personal computer bought for ₹ 68,000. A laptop computer bought for ₹ 79,000. Two litres of liquor bought for ₹ 1,800. A new camera bought for ₹ 67,400, 150 cigars cost ₹ 24,000, 100 firearm cartridges cost ₹ 10,000. Air dryer from duty free shop ₹ 14,000. What is the amount of customs Duty payable ?
7. X company Ltd. an Indian company, furnished the following particulars of its income for the previous year ended 31st March 2018, compute its total income for the Assessment year 2018 –19.

	₹
Business Income	4,20,000
Dividends from :	
A Domestic company	20,000
A Foreign company	15,000
Capital gains :	
Short term	25,000
Long term	70,000

The following amounts have been deducted to arrive at the business income :

- a) ₹ 5,000 revenue expenditure and ₹ 20,000 capital expenditure for family planning programme amongst employees.
- b) Donation to Ambedkar university, Agra ₹ 30,000 by cheque ; Ved Mata Gayatri trust, Shandi Kunj, Haridwar (an approved trust u/s 80 G) ₹ 70,000 by cheque and Rajiv Gandhi Foundation ₹ 5,000 by cheque.

SECTION – B

Answer **any three** of the following. **Each** question carries **ten** marks **(10×3=30)**

8. Explain the set-off and carry forward under company tax and important corporate Deductions.
9. P and Q want to start a business. They have two options for selecting a form of organization, partnership firm or a Pvt. Co. The estimated profits of which, before the following deduction are ₹ 11,96,000.
- 1) Remuneration ₹ 25,000 p.m. each by the firm and ₹ 35,000 p.m. each by the company.
 - 2) Each will give a loan to the business of ₹ 4,00,000 @ 12% p.a.
 - 3) Contribution as capital ₹ 4,00,000 each, on this interest will be paid @ 12% p.a. However the company cannot pay the interest on it.
 - 4) The profit after tax will be distributed equally as profits/dividends.
- Suggest whether they should form a partnership firm or a private company.



10. Compute the Assessable value and custom duty payable from the following information :
FOB value of machine \$ 10,000, freight paid \$ 2,500, Design and Development charges paid in America \$ 500, commission payable to local agent @ 2% of FOB in Indian Rupees, date of bill of entry 25-10-2015 (Rate of BCD 10%, Exchange rate as notified by CBI and C ₹ 70.02/\$), date of entry inward 20-10-2015 (Rate of BCD 18%, exchange rate as notified by CBI and C ₹ 70.01/\$). IGST @ 12% plus cess at applicable rate, Insurance charges-details not available.
11. Following transaction took place in Dec. 2017 in the books of M/S Amar Pvt. Ltd. Mumbai, Maharashtra.
- 1) Received inputs with invoice evidencing payment of IGST of ₹ 54,000 on 2/12/2017.
 - 2) 600 pieces of final products were dispatched to a customer located in Punjab under invoice on 6/12/2017. Transaction value was ₹ 900 per piece and IGST rate was 18%.
 - 3) 1,200 pieces of input 'Tran' were procured and directly sent for job work on 10/12/2017. The invoice was received where the supplier had charged CGST ₹ 15,000 and SGST of ₹ 15,000.
 - 4) An imported consignment of raw materials was received on 10/12/2017. Bill of entry showed that BCD paid was ₹ 36,000, IGST paid ₹ 19,200 and anti-dumping duty paid was ₹ 6,400 and education cess of customs ₹ 1,080.
 - 5) Goods worth ₹ 3,00,000 were dispatched on 24/12/17 within Maharashtra, rate of duty is 18% (CGST and SGST 9% each).
- There was no opening balance of electronic cash ledger or electronic credit ledger on 1/12/17. Calculate the amount of GST payable by cash.

SECTION – C**12. Compulsory Question : (15×1=15)**

The following is the statement of Profit and Loss of ABC Co.Ltd. for the year ended 31st March 2018.

Statement of Profit and Loss for the year ended 31st March, 2018

Particulars	Note no.	Figures as at the end of current reporting period
I Revenue from operations :		
Domestic sales		35,00,000
Export sales		15,00,000
II Other Income		—
III Total Revenue		50,00,000

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IV Expenses :

Cost of materials consumed	—
Changes in inventories of finished goods, WIP and stock-in-trade	—
Employee benefits expenses :	
Salaries and wages	4,00,000
Depreciation and Amortization expenses	5,00,000
Other expenses :	
Rent and rates	3,00,000
Repairs	1,40,000
Selling expenses	3,80,000
Total expenses	17,20,000

V Profit before tax 32,80,000

VI Tax expenses :

Income Tax 3,80,000

VII Profit for the period **29,00,000**

Surplus Statement

Profit/loss as per last B/S(if any) —

Current year's profit 29,00,000

Add : Transfer from General

Reserve 4,00,000

33,00,000

Less : Appropriations :

Proposed dividend 2,90,000

Profit carried to B/S **30,10,000**

Other Information :

- 1) The company has long-term capital gain of ₹ 2,00,000 which is not added in statement of profit and loss.
- 2) Foreign Exchange remittance ₹ 9,00,000.
- 3) Depreciation u/s 32 ₹ 5,50,000
- 4) The company wants to set-off the following :

	For Tax purpose	For Accounting Purpose
	₹	₹
B/F loss of 2015 – 16	6,00,000	5,00,000
Unabsorbed Depreciation	3,00,000	3,00,000

You are required to compute :

- i) Book profit u/s 115JB.
- ii) Total income of the company.
- iii) Tax liability of the company.