



M.Com. (Semester – II) Examination, November 2015
COC 205 : CORPORATE TAX PLANNING AND MANAGEMENT (OA – 18)

Duration : 3 Hours

Max. Marks : 60

- Instructions:** 1) This paper consists of **nine** questions carrying **equal** marks.
2) Question No. 1 consists of **5 compulsory** questions of **2 marks each**.
3) Answer **any 5** questions from question 2, 3, 4, 5, 6, 7, 8 and 9.
4) **Each** question carries **10** marks. Figures to the **right** indicate marks.

1. Answer the following questions in brief : (5×2=10)

- a) List out the incomes which are exempt from tax u/s 10.
- b) State the provisions of Section 80 D regarding the deduction from total income in respect of medical insurance premia.
- c) What is the basis of valuation in-case of rent free unfurnished accommodation provided by an employer to his employee ?
- d) Calculate depreciation based on the following information.
Depreciable value of block of assets (Consisting of Plant A and Plant B) as on 1st April 2013 is Rs. 5,00,000. A new Plant C was purchase on 1st June 2013 for Rs.1,00,000 and it was put to use on the same day. Subsequently, on 1st September 2013, Plant B was sold for Rs. 7,50,000. Depreciation rate 10%.
- e) Determine the advance tax payable by the following assessees for the A. Yr. 2014-15.

Particulars	Mr. Sunil Sharma	M/s. RS Associates	Indsind and Co. Pvt. Ltd.
Net Income	5,00,000	4,50,000	10,00,000
Tax Liability	94,000	1,35,000	3,00,000
Add : Surcharge	Nil	Nil	Nil
Add : SAH Education Cess	2,820	4,050	9,000
Total	96,820	1,39,050	3,09,000

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2. a) Explain the tax treatment for the types of provident funds. 5
- b) What are the provisions of Section 64 (1A) with respect to the clubbing of the income of minor child ? 5
3. Explain the following :
- i) Belated Return u/s 139 (4) 5
- ii) Alternate Minimum Tax. 5
4. a) Discuss the provisions with respect to Interest on Borrowed Capital u/s 24 (ii). 5
- b) Explain the deduction available u/s 80 G with respect to donations to certain funds. 5
5. What are the tax planning aspects to be considered in respect of setting up of the new industrial undertaking ? 10
6. Ms. Radha draws a salary of Rs. 20,000 per month received the following gifts during the previous year 2013-14 :
- i) Gift of Rs. 5,00,000 on 16th April 2013 from a friend.
- ii) Gift of jewellery fair market value of which is Rs. 3,00,000 on 17th May 2013 from her fiancée.
- iii) Gifts of Rs. 51,000 each received from her 4 friends on the occasion of her marriage on 21st October 2013.
- iv) Gift of Rs. 1,00,000 on 22nd November 2013 from her mother's sister.
- v) Gift of Rs. 60,000 on 25th November 2013 from her father's brother.
- vi) Gift of Rs. 50,000 from her husband's friend on 1st December 2013.
- vii) Gift of Rs. 21,000 on 15th December 2013 from her mother's friend.
- viii) Gift of Rs. 26,000 on 25th December 2013 from her brother's father in law.
- ix) Gift of Rs. 1,21,000 from her husband's brother.



- x) Gift of Rs. 26,000 from her employer.
- xi) Scholarship of Rs. 1,20,000 from a charitable institution.
- xii) He has purchased an immovable property from Mr. Bakshi who is not his relative for a sum of Rs. 24,50,000. The stamp duty value of the property is Rs. 26,00,000.
- xiii) She purchased bullion for Rs. 4,40,000 whose fair market value is Rs. 4,85,000.
- xiv) Gift of immovable property from her friend whose stamp duty value is Rs. 5,00,000. Compute her total income for the A. Yr. 2014-15.
7. Mr. Sushant is a Chartered Accountant in TCS Ltd., Delhi and gets Rs. 54,000 per month as salary. He submits the following information with respects to the 2 houses he own. Determine the net income of Mr. Sushant for the A. Yr. 2014-15.

	House I (Rs.)	House II (Rs.)	
Fair Rent	60,000	1,82,000	
Annual Rent	63,000	1,84,000	
Municipal value	61,000	1,85,000	
Municipal Taxes paid	14,000	40,000	
Insurance	3,000	33,000	
Land Revenue	7,500	24,000	
Interest on capital borrowed by mortgaging House I (funds are used for construction of House II)	18,000	—	
Unrealized rent of the previous year 2004-05	—	1,60,000	
Unrealized rent of 2013-14	—	55,000	
Nature of occupation	Let out for residence	Let out for business	
Date of completion of construction	March 1999	April 2001	10



8. Mr. Sunil acquired land in 1977-78 for Rs. 2,00,000 and gifted it to his major son Aniket on 1st June 1980, when the market value of the land was Rs. 2,50,000. The fair market value of that land as on 1st April 1981 was Rs. 3,00,000. Aniket sold the land on 15th September 2013 for Rs. 30,00,000. Compute the capital gain for A. Yr. 2014-15, assuming that the expenses on transfer were Rs. 1,00,000. What would be the capital gain if the land was gifted by Mr. Sunil to his son Aniket on 15th May 1995 ?

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Year	Cost Inflation Index
1981-82	100
1982-83	109
1993-94	244
1994-95	259
2012-13	852
2013-14	939

9. Anish (age 66 yrs.) was in the State Govt. service till his retirement on 31-3-2007 when he joins X Ltd. During the previous yr. 2013-14, he gets the following from X Ltd.
- Basic Salary – Rs. 30,000 per month
 - DA – Rs. 4,000 per month.
 - Overtime allowance upto 30-6-2012 – Rs. 5,000 per month.
 - Helper allowance for office use – Rs. 1,500 per month (expenditure Rs. 1,000 per month)
 - Medical bills reimbursement Rs. 48,000 (Out of which Rs. 18,000 is in respect of treatment in a Govt. Hospital)
 - Free gas and electricity only for personal use – Rs. 30,000
 - Free telephone of residence – Rs. 15,000
 - Free lunch in office – Rs. 30,000 (amount paid already to canteen @ Rs. 100 per day 300 days)
 - Mediclaim insurance on life of Mr. Anish – Rs. 7,000.
 - Reimbursement of Mediclaim insurance premium on the life of Anish's brother who is not dependent upon Anish – Rs. 6,000.
 - Leave travel concession for Mr. Anish and his family – Rs. 20,000 (no journey is undertaken)
 - Anish has been paid HRA of Rs. 8,000 per month (rent paid for house in Delhi : Rs. 8,000 per month)
- Income of Mr. Anish from other sources is Rs. 1,70,000. Find out the taxable income of Anish for the A. Yr. 2014-15 on the assumption that, Anish contributes Rs. 50,000 towards recognized provident fund and Rs. 40,000 towards PPF.

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