



M.Com. (Semester – III) Examination, April 2018

COO3A1 : CORPORATE TAX PLANNING & MANAGEMENT (OA – 18)

Duration : 3 Hours

Total Marks : 60

- Instructions :**
- 1) This paper consists on **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) Residential status of a company
- b) Tax treatment of house rent allowance
- c) Best judgment assessment
- d) Mr. Hemant received the following gifts during the previous year 2016-17.
 - i) Gift of ₹ 25,000 received from wife's brother
 - ii) Gift of immovable property stamp duty value ₹ 75,000 from a friend
 - iii) Gift of ₹ 1,00,000 from a charitable institution
 - iv) Gift of gold ring ₹ 20,000 received from best friend.

Compute the gifts chargeable to tax

- e) Ms. Pranoti retires from Masterstroke Ltd. as on 31st May 2016. She gets a pension of ₹ 3,500 per month upto 30th November 2016. With effect from 1st December 2016 she gets 75% of pension commuted for ₹ 1,50,000. Determine the taxable amount of pension if Ms. Pranoti receives gratuity at the time of retirement.

2. Explain the following :

- a) Exemption from capital gains on compulsory acquisition of land and buildings forming part of industrial undertaking u/s 54 D. 5
- b) Explain the valuation of rent-free unfurnished accommodation. 5



3. Explain the following :
 - a) Differentiate between Tax Evasion and Tax Avoidance. 5
 - b) Provisions with respect to Interest on borrowed capital. 5
4. Explain in detail any 5 deductions from Gross Total Income. 10
5. Explain tax planning in respect of industrial undertakings engaged in infrastructural development or other activities. 10
6. Mr. Venkat owns the 2 House Properties, details of which are given below :

Particulars	House- Karma	House Dharma
Nature of occupation	Let out	Let Out
Municipal valuation	5,50,000	8,00,000
Fair rent	6,00,000	8,50,000
Standard rent	5,80,000	8,80,000
Annual rent	7,20,000	9,60,000
Unrealised rent	3 months	1 month
Vacancy period	1 month	1 month
Municipal taxes		
(Paid after 31 March 2017)	3,000	2,000
Repairs	2,000	4,000
Land Revenue	10,000	12,000
Interest on borrowed Capital (capital borrowed for construction of house property as on 1-03-1999)	45,000	60,000
Insurance	1,500	5,000

Find out the Net Income of Mr. Venkat, taking into consideration the following information :

His computed income from salaries is ₹ 15,00,000

During the year he deposited ₹ 70,000 in Public Provident Fund. He also paid ₹ 1,35,000 (including principal of ₹ 1,10,000) towards loan taken for higher studies of his son.

Determine the Net Income for assessment year 2017 – 18.

10



7. Mr. Vardhan submits the following information for the assessment year 2017–18

Particulars	Profit	Loss
Salary Income	2,50,000	–
<u>Income from House Property</u>		
House A	2,25,000	–
House B	–	1,80,000
House C	–	1,95,000
<u>Profits and Gains of Business or Profession</u>		
Business A	3,00,000	–
Business B	–	3,20,000
Business C (speculative)	2,12,000	–
Business D (speculative)	–	2,35,000
<u>Capital gains</u>		
Short-term capital gains	1,50,000	–
Short-term capital loss	–	1,78,000
Long-term capital gain	15,000	–
<u>Income from other sources</u>		
Interest on securities	1,68,000	–
Loss from card games	–	2,00,000
Loss on maintenance of race horses	–	1,80,000

Determine the Net Income of Mr. Vardhan for the assessment year 2017 – 18. 10

8. Dreamworks Ltd. is incorporated on 3rd April 2016. It commences its production on 27th February 2017.

During the previous year 2016 – 17, the following preliminary expenses are incurred by it :

- Registration fees for incorporation ₹ 17,600.
- Printing expenses of Memorandum of Association, Articles of Association and prospectus ₹ 48,000.
- Legal charges for drafting Memorandum of Association and Articles of Association ₹ 38,000.



- d) Underwriting commission for issue of shares ₹ 95,000.
- e) Expenditure on the refund of the amount of over subscription of shares ₹ 95,000.

Besides the company has incurred the following expenditure before commencement of business :

- i) Preparation of the project report (the work is undertaken by an approved concern) ₹ 1,75,000.
- ii) Legal charges for entering into technical collaboration ₹ 68,000
- iii) Preparation of feasibility report (the work is undertaken by the assessee) ₹ 1,08,000.
- iv) Expenditure on market survey (the work is undertaken by a concern which is not approved for this purpose) ₹ 2,00,000.
- v) Cost of Plant and Machinery ₹ 55,00,000.

Determine the amount deductible u/s 35D for the assessment year 2017 – 18 considering the following figures of Fixed Assets and Capital :

	₹	
	On 31-3-2017	
Cost of fixed assets	98,00,000	
Share capital	60,00,000	
Debentures	14,00,000	
Long-term borrowings from financial institutions	22,00,000	10

9. Mr. Mandar purchased a house property on 1st October 2003 for ₹ 4,00,000. The property was transferred by him on 1st August 2016 for ₹ 35,00,000. Expenses on transfer amounted to ₹ 25,000. On 1st January 2017 he deposited an amount of ₹ 22,00,000 in capital gain deposit scheme. He purchased a new house property by withdrawing from the deposit account as on 1st May 2018 for ₹ 17,50,000. Compute the Capital Gains chargeable to tax for different assessment years.

Year	Cost Inflation Index
2002 – 03	447
2003 – 04	463
2016 – 17	1125