



M.Com. (Semester – III) Examination, November 2017
COO3AIN : 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) Residential status of a company.
- b) What are the due dates for payment of advance tax ?
- c) State the conditions for claiming depreciation and additional depreciation.
- d) Calculate the taxable house rent allowance for Mr. Sudesh for Assessment year 2017 – 18.

Basic salary ₹ 75,000 per month.

Dearness allowance ₹ 48,000 per month.

House rent allowance received ₹ 25,000 per month.

Mr. Sudesh resides in rental accommodation from 1st April 2016 to 31st October 2016 in Mapusa and pays rent of ₹ 22,000 per month.

- e) Ms. Veena receives the following gifts, during assessment year 2017 – 18. Calculate the amount of gifts chargeable to tax.
 - i) Gift of ₹ 55,000 received from a charitable institution.
 - ii) Gift of ₹ 12,000 on occasion of birthday.
 - iii) Gift of ₹ 52,000 received from grandmother.
 - iv) Gift of gold chain ₹ 56,000 received from best friend.

2. Explain the following :

- a) Exemption from capital gain arising from transfer of residential house u/s 54. 5
- b) Tax provisions with respect to commuted pension and uncommuted pension received by an employee. 5

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3. Explain the following :
 - a) Deduction in respect of medical insurance premia u/s 80 D. 5
 - b) Explain the valuation of rent-free unfurnished accommodation. 5
4. Explain in detail the provisions in respect of amortization of preliminary expenses u/s 35 D. 10
5. Explain the tax planning regarding employee's remuneration. 10
6. Mr. Siddharth, 63 years of age, who is a resident individual provides the following information of his income during the previous year 2016 – 17. He is the owner of 2 let-out house properties, the details of which are given below :

Particulars	House	House
	Shiv Niwas	Parvati Sadan
Municipal valuation	6,00,000	7,00,000
Fair Rent	5,50,000	6,50,000
Standard Rent	6,20,000	6,80,000
Monthly Rent	70,000	55,000
Unrealised Rent	1 month	1 month
Municipal taxes paid	2%	3%
Vacancy Period	1 month	2 months
Interest on borrowed capital [capital borrowed on 10-03-1999, for Construction of house property]	50,000	55,000
Collection charges	7,500	8,000
Repairs	3,000	3,500

Find out the net income of Mr. Siddharth taking into consideration the following information :

- i) Income from business of Mr. Siddharth is ₹ 5,50,000.
- ii) He paid during the year mediclaim by cheque on his own health ₹ 5,000, on health of his spouse ₹ 15,000 and ₹ 3,000 on health of independent daughter.
- iii) He donated ₹ 5,000 towards National Defence Fund. Determine his net income for Assessment Year 2017 – 18. 10



7. Ved and Vyas, a partnership firm has claimed the following expenditure on scientific research. It commenced production on 1st August 2016 :

On 11th September 2016 the firm pays ₹ 2,10,000 to the Indian Institute of Management, Ahmedabad, an approved institution for carrying out research in statistical and social science.

On 18th October 2016 the firm pays ₹ 95,000 to an approved National Laboratory for carrying out programmes of scientific research.

On 10th December 2016, the firm pays ₹ 90,000 to Mumbai University, an approved university for conducting research on labour problems.

Before the commencement of the production, the firm had made the following revenue expenditure :

Expenditure on salary and perquisite to research personnel during the 12 months ending on 31st July 2013 : ₹ 44,000.

Expenditure on providing rent-free flats and club facility to research personnel from 1st August 2013 to 31st July 2016 : ₹ 84,000.

Compute the amount admissible to the assessee under the head expenditure on scientific research.

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8. Mr. Ayush submits the following information for relevant Assessment Year 2017 – 18 :

Particulars	Profit (₹)	Loss (₹)
Salary Income	4,00,000	—
Income from House property		
House – I	6,00,000	—
House – II	—	3,40,000
House – III	—	3,80,000
Profits and Gains of Business or Profession		
Business A	4,50,000	—
Business B	—	4,75,000
Business C [speculative]	3,18,000	—
Business D [Speculative]	—	3,20,000
Capital Gains		
Short-term capital gain	1,75,000	—
Short-term capital loss	—	2,00,000
Long-term capital gain	20,000	—
Income from other sources		
Interest on securities	1,40,000	—
Loss from card games	—	1,80,000
Loss from maintenance of race horses	—	1,15,000

Determine the Net Income of Mr. Ayush for Assessment Year 2017 – 18.

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9. Mr. Aditya purchases a house property on 1st April 1979 for ₹ 1,05,000. He spends ₹ 48,000 to construct the first floor to the house during 1979 – 80. He also spends ₹ 68,000 to construct the second floor to the house during 1984 – 85. He enters into an agreement for the sale of house property to Ms. Anuradha and receives ₹ 15,000 as advance. Ms. Anuradha however could not keep her promise and the advance given by Ms. Anuradha is forfeited by Mr. Aditya. Later on Mr. Aditya gifts the house property to his friend Amol on 1st June 1989. Mr. Amol spends ₹ 80,000 for modifications of the house – property during 1990 – 91. Mr. Amol enters into an agreement for sale of house property with Mr. Amogh and receives ₹ 20,000 as advance. However Mr. Amogh could not keep his promise and the advance is forfeited by Mr. Amol. However Mr. Amol finds an ultimate buyer in Mr. Atul and transfers the property as on 1st January 2017 for ₹ 55,00,000. Expenses on transfer amounted to ₹ 28,000. Fair market value of the house property as on 1st April 1981 is ₹ 1,40,000. Compute the capital gains chargeable to tax for Assessment Year 2017 – 18.

Previous Year	Cost Inflation Index
1981 – 82	100
1984 – 85	125
1989 – 90	172
1990 – 91	182
2016 – 17	1125
