

M.Com. (Semester – II) Examination, April 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)

- State the conditions of Section 64(1) (iv) with respect to the clubbing of the income received from assets transferred to spouse.
- State the conditions to be satisfied for an individual to claim the status of Resident and Ordinarily Resident in India.
- Explain the tax treatment of leave salary for Govt. and non-Govt. employee.
- Determine the advance tax payable by the following assesses 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

- Ms. Preeti retires from Infotech Ltd. on 31st July 2013. She gets pension of Rs. 2,500 per month up to 31st December 2013. With effect from 1st January 2014 she gets 80% of pension commuted for Rs. 1,00,000. Determine the taxable amount of pension if Ms. Preeti also receives gratuity of Rs. 3,000 at the time of retirement ?

P.T.O.



2. a) Explain the provisions of section 139 A in respect of Permanent Account Number (PAN). 5
- b) Differentiate between Tax Planning and Tax Management. 5
3. a) Explain any 5 deductions a salaried employee can claim u/s 80C to 80U. 5
- b) Explain the concept of alternate minimum tax. 5
4. Explain the following :
 - a) Exemption u/s 54 with respect to transfer of residential house. 5
 - b) Chargeability under the residual head of income u/s 56. 5
5. a) Explain the tax provisions of amortization of preliminary expenses u/s 35D. 5
- b) Explain the conditions for claiming normal and additional depreciation. What is unabsorbed depreciation ? How it is treated ? 5
6. Neha owns two houses which are used by her for residential purposes :

	House I	House II
Municipal value	30,000	70,000
Fair rent	40,000	58,000
Standard rent	37,000	74,000
Municipal tax paid by Neha	3,000	16,000
Insurance premium	1,000	2,000
Land revenue (outstanding)	600	—
Ground rent (outstanding)	1,700	2,110
Interest on capital borrowed to pay municipal tax	600	400
Interest on capital borrowed for purchase/construction or reconstruction (borrowed before 1 st April 99)	11,060	75,900
Interest on capital borrowed for repairs of the property	1,000	1,500

Find out the net income of Ms. Neha for the Assessment Year 2014-15 taking into consideration the following information : Income from other sources is Rs. 14,75,000. Neha deposited Rs. 80,000 in PPF during the previous year 2013-14.



7. Priyanka purchased a house property on 1st August 2001 for Rs. 9,00,000. This property was sold by her for Rs. 90,00,000 on 1st December 2013. She incurred expenses of Rs. 50,000 on transfer of this property. On 1st March 2014 she deposited an amount of Rs. 21,00,000 in capital gains deposit account scheme. She purchased a new house property by withdrawing from the deposit account on 1st March 2015 for Rs. 15,00,000. You are required to compute the capital gains for the A. Yr. 2014-15 and 2015-16.

Year	Cost Inflation Index
1999-2000	389
2000-01	406
2001-02	426
2002-03	447
2010-11	711
2011-12	785
2012-13	852
2013-14	939

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8. A rubber manufacturing factory has claimed the following expenditure on scientific research, with the particulars noted against each for the previous year ended 31st March 2014. It commenced production on 1st July 2013.

On 5th July 2013, firm purchases a plot of land for Rs. 3,00,000. Subsequently, a building is constructed to carry in-house research. (Cost of construction – Rs. 1,80,000).

On 10th August 2013, firm pays Rs. 50,000 to atomic research society, an approved institution for undertaking general scientific research.

On 12th September 2013, firm pays Rs. 60,000 to Goa University, being an approved university for conducting research on labour problems in Rubber industry.

Before the commencement of production, the firm made expenditure on salary and perquisite to research personnel during 1 year ending 30th June 2010 : Rs. 30,000

Expenditure was also made on providing rent free flats and club facility to research personnel from 1st July 2010 to 30th June 2013 : Rs. 6,000.

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

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9. For the A. Yr. 2014-15, Mr. Kalyan (age : 40 years), a non resident Indian furnishes the following information :

	Rs.
Income from house property	2,18,500
Business income	1,05,000
Short term capital gains	4,22,000
Long term capital gains	2,02,500
Income from owning and maintaining race horses	1,15,000
Income from card games	2,16,000

Mr. Kalyan has the following brought forward losses/allowances :

Brought forward business loss of the A. Yr. 2009-10	1,12,000
Unabsorbed depreciation allowance of the A. Yr. 2008-09	2,06,000
Long term capital loss in respect of the A. Yr. 2010-11	2,47,200
Brought forward loss from the activity of owning and maintaining race horses of the A. Yr. 2009-10	1,25,000
Speculation losses of the A. Yr. 2008-09	30,000

Determine the net income of Mr. Kalyan.

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