

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2015-16 and thereafter)

SUBJECT CODE: 15CM/PC/IC44

M.Com. DEGREE EXAMINATION SEPTEMBER 2020

COMMERCE

FOURTH SEMESTER

COURSE : MAJOR – CORE

PAPER : INDIVIDUAL AND CORPORATE TAX PLANNING

TIME : 90 MINUTES

MAX. MARKS: 50

Section - A

Answer any three questions:

(3 x 10 = 30)

1. Following are the income received by Mr. Arun Varma for the year 2019-20. Calculate his taxable salary.

- a. Basic salary of Rs. 35,000 p.m. he also receives the following allowances. Dearness allowance – Rs. 3000 p.m.
- b. Education allowance – Rs. 1,000 p.m. per child for three
- c. Hostel allowance – Rs 500 p.m. per child for two
- d. Medical allowance – Rs. 600 p.m.
- e. City compensatory allowance – Rs. 500 p.m.
- f. House rent allowance – Rs. 5000 p.m. he is living in a rented house in Delhi at a rent of Rs. 7,00 p.m
- g. He has been provided with a Cook, Gardener and their salary paid by the company – Rs. 7,000 p.m (each)
- h. Club bill paid by the company Rs. 6000
- i. Purchase of books necessary for duty Rs. 1,000
- j. Medical allowance Rs. 1,500 p.m
- k. Project Allowance Rs. 7,200 p.m. (Spent Rs. 6000 p.m.)
- l. The employer provides him a car for personal purposes and expenses are incurred by the employer amounting to Rs. 9,900.

2. Compute the Total income from the Following Information. for the Financial Year 2019-20

- Interest received on debentures Rs. 15000/=
- Interest received from taxable bonds Rs. 20000/=
- Dividend received from mutual funds 10000/=
- Interest received on Fix Deposits With Bank 12000/=
- Interest received on Income Tax refund 4000/=
- Gift received from a friend 60000/=
- Winning from Television Shows 100000/=

- Income from Radio Business – Rs. 50,000
- Income from Cycle Business – Rs, 20,000
- Sale of Building Rs. 5,00,000

3. Discuss the Deductions available to Corporate Assessee.
4. What do you mean by Tax Planning? Explain its importance?.

SECTION – B

ANSWER ANY ONE QUESTION

(1 X 20 = 20)

5. The books of a manufacturing concern discloses the following information

To opening stock	338000		
To Purchases	329900		
To Stores consumed	21800	By Sales	870000
to Power and fuel	7680	BY Mis. Income	2490
Rent and Taxes	430	By Closing Stock	129000
Repairs to Machinery	9070		
Repairs to Building	10680		
Mis expenses	15850		
Salaries and Wages	95500		
Contribution to RPF	6200		
To staff welfare Expenses	1020		
To Bonus	4400		
To Insurance	2500		
To Commission to Agents	43500		
To Selling Expenses	780		
To Audit Fees	980		
To Bad Debts	2100		
To Licence Fee	1090		
To Interest	26500		
To Provision for Taxation	22000		
Depreciation	40000		
Net Profit	30500		
	1001490		1001490

Additional Information

1. Miscellaneous expenses includes

- Penalty for violation of Foreign Exchange regulation Rs. 1200

- Expenses to defend a criminal case against managing director 3000
 - Donation to P.M. Drought relief fund Rs. 2000
 - Wealth tax paid 3000
2. Bad debts include Rs. 500 paid to the supplier of raw material
 3. Miscellaneous incomes includes refund of advance income tax Rs. 400
 4. Allowable Depreciation 36,000

Compute the Taxable income of the Merchant for the Year 20-21.

6. Calculate the income taxable under the head Hous Property from the following information for the year 2019-20

Mr. Rajan is the owner of three houses. The following particulars are available:

Particulars	House 1	House 2	House 3
Municipal valuation	26,000	20,000	24,000
Fair rent	28,000	16,000	26,000
Standard Rent	30,000	12,000	18,000
Rent (Actual)	—	14,000	20,000
Municipal taxes	400	1,000	1,200
Repairs	200	2,500	1,040
Ground rent	—	100	—
Fire premium	140	—	200
Annual charges	—	—	360

House No. 1 is self-occupied.

House No. 2 is let out for residential purpose. House 2 is vacant for two months. He has taken a loan of Rs,500,000 at 10% interest to construct this house on 1.4. 2014 and the construction was completed on 1.3.2016.
