

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

**SUBJECT CODE: 15CM/MC/BX64**

**B.Com.(A&F) DEGREE EXAMINATION SEPTEMBER 2020**

**ACCOUNTING & FINANCE**

**SIXTH SEMESTER**

**COURSE : MAJOR – CORE**

**PAPER : BUSINESS TAXATION**

**TIME : 90 MINUTES**

**MAX. MARKS: 50**

**Section – A**

**Answer all questions:**

**(3 x 2 = 6)**

1. Give meaning of Input tax credit.
2. What are the four components of GST?
3. What do you mean by deemed export?

**SECTION –B**

**Answer any three questions:**

**(3x8=24)**

4. Explain the benefits of GST to various Stake holders.
5. Elaborate the procedure for registration under GST Law.
6. A Ltd (income above Rs 100 core) is contemplating an expansion programme. It has to make a choice between debt issue and equity issue for its expansion programme. Its current position is as under:

	<b>Rs in core</b>
10% Debt	80
Equity share capital (Rs 10 per share)	200
Reserves and surplus	120
	-----
Total capitalization	<b>400</b>
	-----
Sales	1200
Less: Total Cost	1076
	-----
EBIT	124
Less: Interest	8
	-----
EBT	116
Less: Tax @ 34.608%	40.14528
	-----
EAT	<b><u>75.85472</u></b>

The expansion programme is estimated to cost Rs. 200 core. If this is financed through debt, the new rate of debt will be 10% and the price earnings ratio will be 6 times. If the expansion programme is financed through equity, new shares can be sold at Rs. 25 per

share and the price earnings ratio will be 7 times. The expansion will generate additional sales of Rs 600 crore with a return of 10% on sales before interest and tax. If the company is to follow a policy of maximizing the market value of shares, which form of financing should choose?

7. Discuss the export procedure and formalities for clearance of export procedure.

### SECTION-C

**Answer any one question**

**(1x20=20)**

8. An Indian company carries on business in Motor Transportation. Its profit and loss Account for the previous year 2019-20 shows a net profit of Rs 5, 61,300. Find out Total income and Tax liability of the company after taking into consideration the following particulars.

i) The statement of profit and loss was charged with following expenses:

Rs 4, 50,000 as depreciation

Rs 56,250 as Bad Debt reserve

Rs 15,000 spent to obtain a new license and the company was able to get it.

The engine of a very old bus was replaced by a new one by spending Rs 75,000.

Mr X a retiring director, was paid Rs 80,000 as gratuity in appreciation of his service. In the past, the company never paid such a gratuity to any of its retiring directors and even service conditions did not provide for the payment of such gratuity.

ii) The statement of profit and Loss was found credited with the following incomes.

Agricultural receipts of Rs 75,000

Rs 12,000 as interest from Indian Co on its debentures (Gross)

iii) Capital gain on sale of motor car Rs 25,000 (short term)

iv) As per the rates applicable in the current year, the amount of depreciation comes to Rs 3, 00,000

v) The book profit of the company under section 115JB Rs 24, 00,000

Calculate the tax liability of the company under normal provisions as well as under MAT for the assessment year 2020-21.

9. Explain in detail the procedure for claiming Duty Drawback under section 74 and 75 of Customs Act 1962.

\*\*\*\*\*