

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.

COURSE CODE: 19CM/PC/CT34

M.COM DEGREE EXAMINATION – NOVEMBER 2021

COMMERCE – SHIFT II

COURSE : MAJOR – CORE

PAPER : CORPORATE TAXATION

TIME : 3 HOURS

MAX. MARKS: 100

SECTION – A

Answer any THREE questions:

(3x20 =60)

1. A. Explain the tax provisions relating to Double Taxation.
B. Whether the following acts of Raj & Sons can be considered as tax evasion/tax avoidance or otherwise: Justify with the reason
(i) Deposits Rs. 100,000 in the term deposit of 5 years with the Post Office to avail tax deduction under section 80C.
(ii) using a motor car for his personal purposes, but charges as business expenditure.
(iii) Installed air-conditioner costing Rs. 60,000 at the residence of a Mr. Raj as per terms of his appointment but treats it as fitted in quality control section in the factory for the purpose of computing depreciation.
(iv) Company maintains a register of tax deduction at source affected by it to enable timely compliance.
(v) Issues a credit note for Rs.180,000 for brokerage payable to son of RAJ, managing director of the company.
2. A. Define a Company. How the residential status of a company is determined?
Explain which income received by a foreign company, be taxable in India.
B. KFC Ltd., a foreign company, has its head office at Australia. The Board of Directors meetings are held in Australia. KFC Ltd delegated most of the powers to a committee in Delhi and the members of this committee are based in Delhi. The Board of Directors ratified the decisions of the said committee. In the light of above,

Discuss the place of effective management (POEM) of KFC Ltd and the guiding factors of POEM for Board of Directors delegating authorities to Committee.
3. A. Discuss in brief the 'taxable event' and the scope of the term 'supply' under GST law.
B. Explain the mechanism under the CGST Act, 2017 for claiming Input Tax Credit while making payment of Taxes.
4. A. 'Four Square Ltd' a foreign company decided to apply the provisions of section 115JB while submitting the IT return. This decision was taken after a brief discussion with the company Auditor. Can a foreign company apply this section in the context of the provisions contained in the various Chapters of the Income Tax Act, 1961.
Explain.

B. The net profit of ITC Ltd., an Indian company, as per its profit and loss account prepared as per the Income-tax Act, 1961 is Rs. 90,00,000 after debiting and crediting following items: Rs. Provision for income-tax 5,00,000 Provisions for deferred tax 3,00,000 Proposed dividend 7,50,000 Depreciation including depreciation on revaluation of Rs. 20,00,000 debited to profit and loss account 60,00,000. Book profit u/s 115JB is Rs. 78,00,000

Compute tax liability under section 115JB for the assessment year 2021- 22.

SECTION – B

Answer any ONE question:

(1 x 40 = 40).

5. A.. Compute the net income and tax liability of X Ltd. For the assessment year 2021-22. X Ltd. has a deemed long-term capital gain of Rs.60,000 under provision to section 54D (2) which is not credited in profit and loss account. Other Particulars are as follows

- Sale proceeds of goods (domestic sale) 22,23,900
- Sale proceeds of goods (export sale) 5,76,100
- Amount withdrawn from General Reserve (created by debiting the P&L a/c) 2,00,000
- Amount withdrawn from revaluation reserve 1,50,000
- Business Expenses 2,10,000
- Depreciation (normal) 6,16,000
- Depreciation (extra depreciation because of revaluation) 2,70,000
- Salary & wages 2,85,820
- Income-tax 3,50,000
- Outstanding customs duty (not paid as yet) 17,500
- Proposed Dividend 60,000
- Consultation fees paid to a tax expert 1,39,000
- Other expenses 21,000 (19,69,320)
- Net profit 11,80,680
- Book Profit 14, 40, 680
- The company wants to claim/ set off the following: -
 - Deduction under section 80-IB (30% of Rs. 11,80,680)
 - Depreciation under section 32 (Rs. 5,36,000)
 - Bought forward the loss of 2012-13 being Rs. 14,80,000
 - Unabsorbed depreciation being Rs. 70,000
 - Assume Tax rate at 25%

B. Briefly explain the provisions relating to Set-off and Carry forward of Losses.

6. A. Compute the taxable income of P.Ltd. for the previous year 2021-22 from the following Profit & Loss Account and additional information:

	Rs.		Rs.
To Salaries & Bonus	1,00,000	By Gross Profit	5,00,000
To Office Rent	10,000	By Interest	10,000
To Risk Insurance	10,000	By Short-term capital gains	10,000
To Postage & Stationery	10,000		
To General Charges	20,000		
To Reserve for dep.	25,000		
To Income tax 2019 - 20	50,000		
To Provision for Income tax 2019-20	2,00,000		
To Net Profit	1,00,000		
Total	5,25,000	Total	5,25,000

Additional Information:

- The general charges include Rs. 5,000 for advertising; Rs. 1,000 for charitable donation; Rs. 3,000 paid to a Motor-car Company for exchanging the old car for new one; Rs. 1,000 for charity and Rs. 5,000 for miscellaneous repairs.
- The amount of depreciation admissible under the Income Tax Act is Rs. 15,000 only.
- The amount of interest is from Govt. securities.
- Following are the particulars of income were as under during the previous year 2020 – 21:

- Taxable income from House Property:
- Income from House 'A' 38,000
- Loss from House 'B' 16,000
- Loss from House 'C' 14,500
- Profit from Business 1,97,000
- Unabsorbed Depreciation 16,500
- Previous trade losses 4,500
- Speculation profit 4,000
- Capital Gains:
- Short - term capital profit 16,000
- Long - term capital profit 5,200
- Long - term capital loss 12,500

Compute Gross Total Income after set – off of losses.

B. What are the deductions a Limited company can claim under Sec 80. Explain the rules to be followed in claiming these Deductions.
