

**STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086**  
**(For candidates admitted during the academic year 2019-20)**

**COURSE CODE: 19AF/MC/BT64**

**B.Com. DEGREE EXAMINATION - APRIL 2022**  
**ACCOUNTING & FINANCE**  
**SIXTH SEMESTER**

**COURSE : MAJOR – CORE**  
**PAPER : BUSINESS TAXATION**  
**TIME : 3 HOURS**

**MAX. MARKS: 100**

**Section-A**

**Answer ALL questions: (10x2=20)**

1. Give the meaning of Goods as per Customs Act.
2. What is Ad Valorem Duty?
3. Who are the members of the GST Council?
4. What is Mixed Supply?
5. State the threshold limit for GST.
6. Give the meaning of E-Way Bill.
7. What is taxable event for imports for Customs Duty?
8. Calculate Customs Duty payable: CIF value of goods imported Rs.9,50,000, Basic Customs Duty 10%, Integrated Tax 12%.
9. State whether the following are admissible or inadmissible under Income Tax Act:
  - a. General expenses paid in cash Rs. 30,000
  - b. Refund of Interest on Income Tax Rs. 10,000
10. Calculate tax liability when total income of a company is Rs.8,75,000 and book profits is Rs.9,28,000.

**Section-B**

**Answer any FIVE questions: (5x8=40)**

11. Explain the services provided by the GST Network.
12. What are the restrictions for availing Input Tax Credit?
13. Give the meaning of Duty Drawback? Briefly explain its provisions.
14. How is valuation done for levy of Customs Duty?
15. Elaborate the meaning, time and valuation of Supply under GST.
16. Belgium Ltd. has supplied a machine on the following terms:  
Price of the machine Rs.10,40,000, testing expenses of machine Rs.7,500, design and drawing charges Rs.31,400, packing charges Rs.5,200, transport charges Rs.6,200. Late payment charges @ 10% p.a. if payment is not made within one month. Late payment charges from recipient Rs.4,500. Calculate the taxable value for GST @ 12% and the total amount shown in the invoice charged from the recipient.
17. ABC Ltd has equity share capital of Rs. 25 lakhs divided into shares of Rs. 100 each. It wishes to raise further Rs.50 lakhs for expansion –cum- modernization scheme. The company plans the following financial alternatives.
  - i) By issuing equity shares only

- ii) By issuing Rs.25 lakhs equity shares and Rs.25 lakhs through term loan @ 12%
- iii) By raising term loan only at 12%
- iv) By issuing Rs.35 lakhs equity shares and Rs.15 lakhs 9% preference shares (Face value Rs.100).

You are required to suggest the best alternative giving your comment assuming the estimated earnings before interest and taxes (EBIT) after expansion Rs.76,24,300 and corporate tax at 25%.

### Section-C

Answer any TWO questions:

(2x20=40)

18. Discuss the provisions relating to Returns under GST.
19. Explain the different types of Customs Duty and the exemptions from Customs Duty.
20. GST – A Cure for Ills of earlier Indirect Tax Regime. Discuss.
21. Following is the P/L a/c of S Co. Ltd. for the year ended 31.03.21. Compute the taxable income of the company for AY 2021-22.

#### Profit and Loss account

	Rs.		Rs.
To purchases	2,25,000	By Sales	16,00,000
To general charges	40,000	By Agricultural income	55,000
To commission and brokerage	1,80,000	By transfer from Investment Reserve	2,00,000
To income tax	1,15,000	By LTCG	3,50,000
To audit fees	65,000		
To fines and penalties	25,000		
To depreciation	2,60,000		
To provision for doubtful debts	70,000		
To proposed dividend	1,50,000		
To loss of subsidiary company	2,00,000		
To MD Remuneration	1,00,000		
To Net profit	7,75,000		
	<b>22,05,000</b>		<b>22,05,000</b>

#### Additional information:

1. General charges include donation to Prime Minister's Relief Fund of Rs.22,000 and Diwali pooja expenses Rs.2,000, and diaries distributed to dealers Rs.5,000.
2. Depreciation as per Income tax Act Rs.3,10,000.
3. Purchases include purchases in cash Rs.55,000.
4. Provision for doubtful debts include bad debts of Rs.15,000.
5. Brought forward business losses and depreciation:

	As per accounts	As per IT tax
B/F business loss	2,10,000	3,50,000
Unabsorbed depreciation	60,000	1,40,000

Calculate tax liability as per normal provisions of IT Act and as per MAT. Is the company eligible for tax credit?

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