

M.Com. DEGREE EXAMINATION NOVEMBER 2022
COMMERCE
THIRD SEMESTER

COURSE : CORE
PAPER : CORPORATE TAXATION
TIME : 3 HOURS

MAX. MARKS: 100

SECTION – A

ANSWER ANY SIX QUESTIONS:

(6x10=60)

1. How do you classify the Companies?
2. Discuss the importance of Time and Valuation of Taxable Supply.
3. Write a note on Dividend Distribution Tax
4. What is Tax Planning? What are the schemes available to a company for tax planning?
5. Outline the Powers and Duties of an Assessing Officer
6. The total income of XYZ Limited, a domestic company computed the normal provisions of Income Tax Act, is Rs. 5,00,000. However, the book profit of the company (calculated as per Section 115 JB) amounts to Rs. 14,50,000. Calculate the tax liability of the company for the relevant Assessment year. Estimate the amount of tax credit available to the company?
7. From the information given below, calculate the taxable income of X Ltd.
 - Business profit (computed) Rs.20,25,000
 - Long-term capital gain Rs.3,00,000
 - Income from Bank interest Rs.5,000
 - Received profit from business of collecting and processing of biogas Rs.25,000

The company made the following payments during the financial year:

- Donation to approved public charitable trust Rs.14,000
 - Donation to a school for a particular religion Rs.10,000
 - Donation to Rajiv Gandhi Foundation Rs.6,000
 - Donation to an institution promoting family planning Rs.10,000
 - Paid Rs.10,000 to a registered political party by cheque
8. Ashwani Private Limited company furnishes the following information:

(a)	Interest on Securities (Computed)	Rs. 1,00,000
(b)	Income from House Property (computed)	Rs. 2,00,000
(c)	Income from Business	
(i)	Textile Manufacturing:	
	Profit as per P & L A/c before depreciation –	Rs. 4,00,000
	Depreciation –	Rs. 1,90,000

(ii) Hosiery Manufacturing:

Profit as per P & L A/c before depreciation – Rs. 1,50,000

Depreciation – Rs. 36,000

(iii) Agency business loss b /f from Previous year – Rs. 30,000

(d) Income from other sources – Rs. 1,00,000

Compute the total income of Ashwani Private Limited for the relevant Assessment year.

SECTION – B**ANSWER ANY TWO QUESTIONS:****(2x20=40)**

9. Explain the provisions of the Customs Act, 1962 for Valuation of Goods for the purpose of Assessment.
10. Recall about the Constitution of Settlement Commission. Outline the powers and Duties of Settlement Commission.
11. Reliance Ltd. is engaged in the manufacturing and export of garments. The statement of Profit and Loss of the company for the previous year 2021-22 showed a net profit of Rs.10,00,000.

Items charged	Rs.	Income	Rs.
Raw materials consumed	14,75,000	Sales (local)	10,00,000
Wages and salaries	10,25,000	Sales (Export)	35,17,500
Administration expenses	7,70,000	Excise duty drawback	5,00,000
Depreciation	1,07,500	Cash subsidy	1,00,000
Other indirect expenses	5,00,000		
Provision for contingent liability	40,000		
Proposed Dividend	2,00,000		

Other information:

Depreciation as per Income tax amounted to Rs.1,20,000.

Payment against a bill of Rs.50,000 was paid in cash.

Indirect expenses include customs penalty of Rs.12,000.

	As per books	As per Tax
Brought forward business loss	Rs.2,00,000	Rs.3,50,000
Unabsorbed depreciation	Rs.50,000	Rs.1,25,000

Calculate total income and tax liability of the company as per normal provisions of Income Tax Act, tax liability under MAT and tax credit for the AY 2022-23.

12. Given below is the Profit and Loss Account of the Western Mills Limited a domestic company in which the public are substantially interested, for the year ended 31st March:

	Rs.		Rs.
To Opening Stock	17,82,105	By Sales	61,90,327
To Cotton Consumed	25,83,685	By Rent of Staff Quarters	25,362
To Manufacturing Expenses	9,45,395	By Closing Stock	13,59,480
To Wages & Salaries	8,65,972		
To Marketing	61,215		
To Insurance	27,156		
To Establishment	2,79,762		
To Welfare Expenses	17,825		
To Net Profit	10,12,054		
	75,75,169		75,75,169
To Director's Fees	2,500	By balance b/d	10,12,054
To Audit Fees	2,500	By Transfer fees	1,500
To Law Charges	3,250		
To Interest	1,05,250		
To Repairs to Building	14,640		
To General Charges	25,875		
To Managing Agent's Remuneration	60,420		
To Donations	10,000		
To Contributions to Staff Provident Fund	20,000		
To Debenture Sinking fund	25,000		
To General Reserve	1,00,000		
To Taxation Reserve	3,00,000		
To Balance	3,44,119		
	10,13,554		10,13,554

You are required to compute the company's taxable income from business for the relevant Assessment year after considering the following information:

- (i) Welfare expenses include Rs. 825 the cost of pucca well built for the use of company's workers.
- (ii) Insurance Rs. 1,000, repairs Rs. 3,750 and Municipal taxes Rs. 2,150 included in general charges were in respect of staff quarters.
- (iii) Law charges amounting to Rs. 1,500 were incurred in connection with additional land purchased during the year
- (iv) The staff provident fund is recognised
- (v) The amount of depreciation allowance is Rs. 2,64,325
- (vi) The company has paid advance tax of Rs. 1,70,000
- (vii) Donations are given to approved charitable institutions.
