STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 86
(For candidates admitted from the academic year 2023 – 2024)

M.COM. DEGREE EXAMINATION - APRIL 2024
COMMERCE
SECOND SEMESTER

COURSE	**:**	**MAJOR CORE**
PAPER	**:**	**CORPORATE TAXATION**
SUBJECT CODE	**:**	**23CM/PC/CT24**
TIME	**:**	**3 HOURS**

MAX. MARKS: 100

Q. No.	**SECTION A** **Answer the following: (4 x 5 = 20)**	**CO**	**KL**
1	What is an e-way bill and why it is required?	1	K1
2	Discuss the importance of carry forward of losses.	2	K2
3	How Depreciation is calculated and claimed under Business Income?	1	K1
4	How does GST help to mitigate instances of double taxation?	2	K2
Q. No.	**SECTION B** **Answer the following: (4x 10 = 40)**	**CO**	**KL**
5	A) Explain how is the residential status of a company determined under the Income Tax Act, 1961.	3	K3
	(OR)		
	B) What does Section 80GGB entail, and what are its main features?	3	K3
6	A) How does the customs duty get affected if the goods sustain damage while inside the warehouse before being cleared for consumption?	3	K3
	(OR)		
	B) Differentiate between deductive value and computed value.	3	K3
7	A) Mr. Z, a supplier of goods, pays GST under regular scheme. Mr. Z is an inter-state supplier and hence is not eligible to any threshold exemptions. He has made the following taxable supplies:	4	K4

Outward Taxable Supplies	
Intra State	12,00,000
Inter State	4,50,000

He has also furnished the following details about his purchases:

Outward Taxable Supplies	
Intra State	4,50,000
Inter State	75,000

He has opening balances of ITC as under:
CGST ₹ 45,000
SGST ₹ 45,000
IGST ₹ 105,000
If the supplies are exclusive of taxes (18% GST), compute his tax liability.

	(OR) B) AB & Co., a supplier of goods, pays GST under regular scheme. It has made following outward taxable supplier in a tax period. <table><tr><th>Particulars</th><th>Amount (₹)</th></tr><tr><td>Intra-State Supply of goods</td><td>10,00,000</td></tr><tr><td>Inter-State Supply of goods</td><td>8,00,000</td></tr></table>It has also furnished the following information in respect of purchases made it in that tax period: <table><tr><th>Particulars</th><th>Amount (₹)</th></tr><tr><td>Intra-State Purchases of goods</td><td>3,00,000</td></tr><tr><td>Inter-State purchases of goods</td><td>2,50,000</td></tr></table>AB & Co. has following ITCs with it at the beginning of the tax period: <table><tr><th>Particulars</th><th>Amount (₹)</th></tr><tr><td>CGST</td><td>57,000</td></tr><tr><td>SGST</td><td>60,000</td></tr><tr><td>IGST</td><td>1,40,000</td></tr></table>Additional information: i. Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively. ii. Both inward and outward suppliers are exclusive of taxes, wherever applicable. iii. All the condition necessary for availing ITC have been fulfilled. Compute the minimum GST, payable in cash by AB & Co. for the tax period and the ITC to be carried forward to the next month. Make suitable assumptions as required.	4	K4
8	A) From the following details pertaining to Ash, a registered dealer engaged in purchase and sale of goods, ascertain the GST liability (SGST/CGST/IGST) for the month of September, 2023: <table><tr><th>Particulars</th><th>Amount (₹)</th></tr><tr><td>Sales price charged to customers within state (excluding GST)</td><td>12,50,000</td></tr><tr><td>Commission charged to buyers</td><td>12,000</td></tr><tr><td>Packing and forwarding expenses incidental to sale</td><td>18,000</td></tr><tr><td>Weighment charges, shown separately in the invoices</td><td>9,500</td></tr></table>Prompt payment discount, indicated in invoice 1%, if payment made within 1 month. All buyers of goods have availed the discount. The rates of taxes for the goods supplied are CGST-9%, SGST-9% & IGST-18%. **(OR)**	4	K4

Q. No.		CO	KL
	B) The net profit of Sri Ltd. an Indian company, as per its profit and loss account prepared as per the Income-tax Act, 1961 is ₹ 90,00,000 after debiting and crediting following items: ₹ 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 assets ₹ 20,00,000 debited to profit and loss account 60,00,000 Profit. Compute tax liability under section 115JB for the assessment year 2023-24.	4	K4
Q. No.	**SECTION C** **Answer any two questions: (2 x 20=40)**	**CO**	**KL**
9	Discuss the tax provisions of Levy, Collection and Exemption of Customs duty.	5	K5
10	Following is the Profit and Loss Account for the year ended 31st March 2023 of M/s Mohan &Sons. Compute his taxable income from business.	5	K5

Profit And Loss Account For The Year Ending 31st March, 2023

	Rs.		Rs.
Opening Stock	20,000	Gross profit	6,86,000
General expenses	28,000	Commission and discount	2,17,200
Bad debts written off	15,000	Closing stock	43,000
Salary to staff	34,000	Short term profit on sale of Investment	31,000
Fire insurance premium (office premises)	4,200		
Advertisement	6,000		
Interest Capital	3,500		
Interest on Bank Loan	14,500		
Expenditure on acquisition of a Patent Right	17,000		
Lump sum Consideration for acquiring Know how	60,000		
Depreciation on P&M	28,000		
Provision for outstanding GST	13,000		
Net profit	7,34,000		
Total	9,77,200		9,77,200

Additional Information:

- Both opening stock and closing stock is overvalued by 10%
- Advertisement expenditure includes Rs.3,400 being cost of 2 diaries (cost of each being Rs.1,700) presented to customers.
- General charges include Rs. 1,000 being donation to flood relief fund, and Rs. 4,000 municipal Tax on staff quarters
- Salary to staff includes payment of Rs. 8,000 to a relative which is unreasonable to the extent of Rs.3,000.
- Company registered a Patent for business worth of Rs. 50,000 during the previous year 2022-23
- Salary includes Rs 10,000 paid to Watchman by cash
- Expenditure on the occasion of Diwali not shown in the P&L account of Rs.2,000

11	A Ltd., a manufacturing company, which maintains accounts under mercantile system, has disclosed a net profit of Rs.12.50 lakhs for the year ending 31st March, 2023. You are required to compute the taxable income of the company for the Assessment year 2023-24, after considering the following information, duly explaining the reasons for each item of adjustment: (i) Advertisement expenditure debited to profit and loss account includes the sum of ₹60,000 paid in cash to the sister concern of a director, the market value of which is ₹ 52,000. (ii) Legal charges debited to profit and loss account include a sum of ₹ 45,000 paid to consultant for framing a scheme of amalgamation duly approved by the Central Government. (iii) Repairs of plant and machinery debited to profit and loss account includes ₹ 1.80 lakhs towards replacement of worn out parts of machineries. (iv) A sum of ₹ 6,000 on account of liability foregone by a creditor has been taken to general reserve. The same was charged to the Revenue Account in the A.Y. 2023- 24. (v) Sale proceeds of import entitlements amounting to Rs.1 lakh has been credited to Profit & Loss Account, which the company claims as capital receipt not chargeable to income-tax. (vi) Being also engaged in the biotechnology business, the company incurred the following expenditure on in-house research and development as approved by the prescribed authority: (a) Research equipments purchased ₹ 1,50,000. (b) Remuneration paid to scientists ₹ 50,000. The total amount of ₹ 2,00,000 is debited to the profit and loss account. Assume Tax Rate 30%.	5	K5

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