

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2015 – 16 and thereafter)
SUBJECT CODE: 15CM/PC/IC44

M.Com. DEGREE EXAMINATION APRIL 2018
COMMERCE
FOURTH SEMESTER

COURSE : CORE
PAPER : INDIVIDUAL AND CORPORATE TAX PLANNING
TIME : 3 HOURS **MAX. MARKS: 100**

SECTION – A

ANSWER ANY SIX QUESTIONS: **(6 x 10 = 60)**

1. Differentiate between tax evasion and tax avoidance.
2. Explain the objectives of tax planning.
3. Explain the Corporate Tax Rate for Domestic Companies in India.
4. Explain the types of double taxation relief.
5. From the following details, find out income from other sources:
a) Director fees Rs. 5,000; b) Dividend from Indian company Rs. 4,000; c) Income from horse race Rs. 7,000; d) Royalty from books Rs. 9,000; e) Dividend from co-operatives societies Rs. 3,000; f) Dividend from foreign company Rs. 10,000 and g) Agriculture income from Kerala Rs. 20,000.
6. Calculate the income from house property of Mrs. Janaki from the following information. 75% is let out and 25% is self-occupied. The other details are as follows:
Municipal rental value Rs. 50,000; Fair rental value Rs. 60,000; Actual rental value Rs. 55,000; Municipal taxes Rs. 4,000; Interest on borrowed capital Rs. 10,000.
7. Calculate the salary income for the assessment year 2017-18:
a) Basic salary Rs. 5,000 pm; b) Dearness allowance Rs. 2,000 pm; c) Entertainment allowance Rs. 300 per month; d) employer contribution to RPF Rs. 7,900 per annum; e) Interest credited to RPF at 9.5% is Rs. 1,000; f) City compensatory allowance Rs. 150 per month; g) Medical allowance Rs. 100 per month; h) House rent allowance Rs. 600 per month (Rent paid Rs. 750 per month).
8. From the following profit and loss account, compute business income for the assessment year 2017-18:

Particulars	Amount in Rs.	Particulars	Amount in Rs.
To salary	6,500	By gross profits	36,750
To bad debts	1,700	By commission	1,250
To provision for bad debts	3,000	By discount	500
To advertisement	3,800	By sundry receipts	200
To house property insurance	550	By rent from buildings	3,600
To genera expenses	2,750	By profit on sale of investments	3,000
To depreciation	1,200		
To interest on capital	2,000		
To interest on bank loan	1,300		
To net profits	22,500		
	45,300		45,300

Depreciation allowed Rs. 1,000 only.

SECTION – B**ANSWER ANY TWO QUESTIONS:****(2 x 20 = 40)**

9. Explain the tax relief and benefits in case of amalgamation.
10. Explain the various methods of tax planning.
11. Mr. Nagarajan resident individual submits the following information relevant to the previous year ending 31st march 2017:
- a) Income from salary (computed) Rs. 72,000;
 - b) Income from house property (computed)

House I	Rs. 24,000
House II (loss)	Rs. 60,000
House III (loss)	Rs. 20,000.
 - c) Capital gains:

Short term capital loss	Rs. 13,000
Long term capital gain	Rs. 7,000.
 - d) Profits and gain of business or profession:

Business I	Rs. 25,000
Business II (loss)	Rs. 20,000
Business III (speculative income)	Rs. 40,000
Business IV (speculative loss)	Rs. 75,000.
 - e) Income from other sources (computed):

Loss from income from securities	Rs. 20,000
Bank interest	Rs. 10,000
Income from card games	Rs. 30,000
Loss from gambling	Rs. 60,000.
 - f) Income from maintenance of race horses:

at Chennai (Loss)	Rs. 40,000
at Bangalore (stake money received)	Rs. 30,000.
12. Calculate the Net taxable income and Tax liability from the following information given by Mr. Amit Sharma:
 He was receiving a salary of Rs.8,000 per month, apart from conveyance allowance of Rs.300 per month (Rs.150 p.m. actually spent).
 He had an house who GAV is Rs.1,50,000, municipal tax Rs.3,000 out of which Rs.1,500 is paid by the tenant.
 His income from other sources comes to Rs.4,50,000
 He has contributed Rs.40,000 to PPF.
 He paid Rs.5,000 towards medical insurance premium.

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