

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2015-16 and thereafter)
SUBJECT CODE:15CM/MC/BX64

B.Com. (A & F) DEGREE EXAMINATION APRIL 2019
ACCOUNTING AND FINANCE
SIXTH SEMESTER

COURSE : MAJOR – CORE
PAPER : BUSINESS TAXATION
TIME : 3 HOURS **MAX. MARKS: 100**

Section A

Answer ALL the questions. **(10 x 2 = 20)**

1. The total income of Space Ltd, an Indian company, is Rs 2,25,000 under the normal provisions of the Act. But the book profit is Rs 10,00,000 during the previous year 2017-2018. Find out the tax liability of the company for the current assessment year. What would be the tax liability, if total income is Rs 7,00,000?
2. X and Y are two shareholders of Z Ltd, a closely held company. X holds 55 % share capital. On January 30, 2018, X transfers his shares to A. Z Ltd wants to set off brought forward loss of Rs 4,00,000 (business loss: Rs 1,00,000; unabsorbed depreciation Rs 3,00,000) of the previous year 2016-2017 against income of the previous year 2017-2018 (i.e. Rs 9,00,000). Can it do so?
3. Mr. Ramesh had purchased 500 equity shares (unlisted) (Total face value Rs 5,000) for Rs 7,000 on 4th May 1986. He received 100 bonus shares of the value of Rs 10 each from the same company in May 2017. He sold 600 equity shares on 1.6.2017 for Rs 1,20,000. Compute his capital gain for the current Assessment year. C.I.I 2001-02 :100; 2017-2018 :272. FMV per share on 1.4.2001 is Rs 85.
4. How would you compute the amount of investment allowance U/S 32 AC(1) of the Income Tax Act 1961?
5. State the factors that determine effective tax savings while purchasing an asset.
6. What is meant by customs duty?
7. What is meant by duty drawback?
8. Write short note on destination based tax.
9. Find the customs duty payable from the following particulars:
Customs value of imported goods Rs 5,00,000
Basic customs duty payable is 80%.
Excise duty payable if goods had been made in India is 10 %.
10. State the due dates of filing GST returns.

Section B

Answer Any FIVE questions. **(5 x 8 = 40)**

11. From the following particulars, compute the total income of Z Ltd, an Indian company:

Interest on securities	Rs 2,000
Business income	Rs 3,00,000
Interest on debentures of	
A] Indian paper mills Ltd	Rs 50,000
B] another Indian company	Rs 20,000

Compute total income of Z Ltd. It has distributed dividend of Rs. 50000 only.
12. ABC Ltd is a widely – held company. It is currently considering a major expansion of its production facilities and the following alternatives are available:

Particulars	Alternative I Rs	Alternative II Rs	Alternative III Rs
Share capital	5,00,00,000	2,00,00,000	1,00,00,000
Debentures(14%)	----	2,00,00,000	1,50,00,000
Loan from financial Institution/bank(@18%)	----	1,00,00,000	2,50,00,000

Expected rate of return (before tax) is 25%. The rate of dividend of the company since 1990 is not less than 20 % and the date of dividend declaration is June 30 every year. State which alternative the company should opt for?

13. Explain the implications of Tax Concession – with respect to setting up a new business.
14. Explain the various features of GSTN.
15. Expand and explain the terms CGST, IGST, SGST & UGST.
16. Explain how to calculate input tax credit with an example.
17. What is refund of customs duty? What are the documents to be submitted for refund?

Section C

Answer Any TWO questions.

(2 x 20 = 40)

18. Prakash Traders ltd. is a company in which the public is substantially interested. For the year ending 31st March, 2018 it has derived the following incomes:
 - A] Profit from a manufacturing unit at Lucknow Rs 3,50,000 (item included in schedule XI)
 - B] Profit from trading activities at lucknow Rs 100000
 - C] Dividend from a foreign company Rs 10000
 - D] Profit from a business at Kanpur Rs 200000; capital employed being Rs 1500000 and depreciation admissible being Rs 20000.
 - E] The company authorized a company in Uganda to use its registered trademark and received consideration therefore in India Rs 210000 in convertible foreign exchange.
 - F] Brought forward unabsorbed depreciation Rs 30000
 - G] Company distributed dividend in October 2017 Rs 200000.
 You are required to calculate total income of the company.
19. Explain the various type of exemption from customs duty.
20. Explain the various benefits of GST.
21. An Indian company carries on business in motor transportation. Its profit and loss account for the previous year 2017 – 18 shows a net profit of Rs. 5,61,300. Find out total income and tax liability of the company after taking into consideration the following particulars.
 - The profit and loss account was debited with the following expenses:
 - Rs. 4,50,000 as depreciation
 - Rs. 56,250 as bad debt reserve
 - Rs. 15,000 spent to obtain a new license and the company was able to get it.
 - The engine of a very old bus was replaced by a new one by spending Rs. 75,000. Mr. X a retiring director, was paid Rs. 80,000 as gratuity in appreciation of his services in the past, the company never paid such a gratuity to any of its retiring directors and even the service conditions did not provide for the payment of such gratuity.
 - The profit and loss account was found credited with the following incomes:
 - Agricultural receipts of Rs. 75,000
 - Rs. 12,000 as interest from an Indian company on its debentures(gross)
 - Capital gains on sale of motor car Rs. 25,000(short term)
 - As per the rates applicable in the current year the amount of depreciation comes to Rs. 3,00,000
 - The book profit of the company under section 115 JB Rs. 24,00,000
