

II Semester M.B.A. Degree Examination, January/February 2019
(CBCS Scheme)
(2014 – 15 & Onwards)
Management

Paper – 3.3.2 : CORPORATE TAX PLANNING AND MANAGEMENT

Time : 3 Hours

Max. Marks : 70

Instruction : Answer all the Sections.

SECTION – A

Answer **any five** of the following questions, **each** question carries **five** marks.

(5×5=25)

1. "Tax planning is not possible without Tax management". Discuss.
2. Explain the procedure of GST Returns and types of Returns.
3. The WDV of a block of assets on 1st April 2017 comprising twelve machines is ₹ 13,00,000 at 25% depreciation. A new machine falling within that block is acquired on 1st Nov. 2017 for ₹ 3,00,000 on 20th March 2018 all the twelve old machines were sold for ₹ 2,00,000 leaving only the newly acquired machine within the block. Determine the amount of Depreciation. The Assessee is not entitled to additional Depreciation on machine.
4. A company requires a component from the following information suggest to the company whether it should make the component or buy it from the market.

Making the component

A new machine will be purchased for ₹ 20,00,000 after 5 years it will be sold for ₹ 5,00,000. If there is any loss on sale of machine, it will be set-off against any other STCG. Rate of Depreciation 15% manufacturing cost of component .

I year ₹ 15,00,000

II year ₹ 18,00,000

III year ₹ 20,00,000

IV year ₹ 22,00,000

V year ₹ 24,00,000

Rate of Tax 30%

Buying the component

Cost I year ₹ 18,00,000

II year ₹ 21,00,000

III year ₹ 23,00,000

IV year ₹ 25,00,000

V year ₹ 28,00,000

P.T.O.



5. Value of goods and services supplied in a state is ₹ 1,00,000. IGST rate on value of goods and services is 12%, CGST and SGST rate is 6% each. Value on receipts is ₹ 1,50,000. Calculate tax liability.
6. Mrs. and Mr. X are partners in a firm. Their shares are valued at ₹ 1,00,000 and ₹ 2,00,000 respectively. The firm has a profit of ₹ 1,00,000 for the year. Calculate the tax liability of each partner.

7. X is a resident individual. He has furnished the following information for the year 2018-19:

| | ₹ |
|--------------------|----------|
| Business Income | 4,20,000 |
| Dividends from : | |
| A Domestic company | 20,000 |
| A Foreign company | 15,000 |
| Capital gains : | |
| Short term | 25,000 |
| Long term | 70,000 |

The following amounts have been deducted to arrive at the business income :

- a) ₹ 5,000 revenue expenditure and ₹ 1,00,000 capital expenditure for family

b) ₹ 1,00,000 ; Vedant
G) ₹ 7,00,000 a

SECTION – B

Answer any three of the following. Each question carries ten marks (10×3=30)

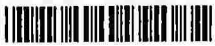
8. Explain the set-off and carry forward under company tax and important corporate Deductions.

for setting a form
ted its of which,

the firm and ₹ 35,000 p.m. each by

- 2) Each will give a loan to the business of ₹ 4,00,000 @ 12% p.a.
3) 0, on this interest will be paid @ 12% p.a.
p interest on it.
4) ri equally as profits/dividends.

Suggest whether they should form a partnership firm or a private company.



10. Compute the Assessable value and custom duty payable from the following information :

FOB value of machine \$ 10,000, freight paid \$ 2,500, Design and Development charges paid in America \$ 500, commission payable to local agent @ 2% of FOB in Indian Rupees, date of bill of entry 25-10-2015 (Rate of BCD 10%, Exchange rate as notified by CBI and C ₹ 70.02/\$), date of entry inward 20-10-2015 (Rate of BCD 18%, exchange rate as notified by CBI and C ₹ 70.01/\$). IGST @ 12% plus cess at applicable rate, Insurance charges-details not available.

11. Following transaction took place in Dec. 2017 in the books of M/S Amar Pvt. Ltd. Mumbai, Maharashtra.

- 1) Received inputs with invoice evidencing payment of IGST of ₹ 54,000 on 2/12/2017.
- 2) 600 pieces of final products were dispatched to a customer located in Punjab under invoice on 6/12/2017. Transaction value was ₹ 900 per piece and IGST rate was 18%.
- 3) 1,200 pieces of input 'Tran' were procured and directly sent for job work on 10/12/2017. The invoice was received where the supplier had charged CGST ₹ 15,000 and SGST of ₹ 15,000.
- 4) An imported consignment of raw materials was received on 10/12/2017. Bill of entry showed that BCD paid was ₹ 36,000, IGST paid ₹ 19,200 and anti-dumping duty paid was ₹ 6,400 and education cess of customs ₹ 1,080.
- 5) Goods worth ₹ 3,00,000 were dispatched on 24/12/17 within Maharashtra, rate of duty is 18% (CGST and SGST 9% each).

There was no opening balance of electronic cash ledger or electronic credit ledger on 1/12/17. Calculate the amount of GST payable by cash.

SECTION – C

12. **Compulsory Question :**

(15×1=15)

The following is the statement of Profit and Loss of ABC Co.Ltd. for the year ended 31st March 2018.

Statement of Profit and Loss for the year ended 31st March, 2018

| Particulars | Note no. | Figures as at the end of current reporting period |
|-----------------------------|-----------------|--|
| I Revenue from operations : | | |
| Domestic sales | | 35,00,000 |
| Export sales | | 15,00,000 |
| II Other Income | | — |
| III Total Revenue | | 50,00,000 |



| | |
|--|------------------|
| | 4,00,000 |
| | 5,00,000 |
| | 3,00,000 |
| | 1,40,000 |
| | 3,80,000 |
| | 17,20,000 |
| | 32,80,000 |

Less : Appropriations :

Proposed dividend

2,90,000

Profit carried to B/S

30,10,000

Other Information :

- 1) The company has long-term capital gain of ₹ 2,00,000 which is not added in statement of profit and loss.
- 2) Foreign Exchange remittance ₹ 9,00,000.
- 3) Depreciation u/s 32 ₹ 5,50,000
- 4) The company wants to set-off the following :

| | For Tax purpose | For Accounting Purpose |
|-------------------------|------------------------|-------------------------------|
| | ₹ | ₹ |
| B/F loss of 2015 – 16 | 6,00,000 | 5,00,000 |
| Unabsorbed Depreciation | 3,00,000 | 3,00,000 |

You are required to compute :

- i) Book profit u/s 115JB.
- ii) Total income of the company.
- iii) Tax liability of the company.