



III 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 1<sup>st</sup> April 2017 comprising twelve machines is ₹ 13,00,000 at 25% depreciation. A new machine falling within that block is acquired on 1<sup>st</sup> Nov. 2017 for ₹ 3,00,000 on 20<sup>th</sup> 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



5. Value of supply of goods and services of manufacturer in inter-state is ₹ 1,000, value of supply of goods and services within state is ₹ 1,000. IGST rate on supply of goods and services is 12%, CGST and SGST rate is 6% each. Value of receipt of goods and services within state is ₹ 1,500, SGST and CGST rate on receipts is 6% each. Calculate tax liability.
6. Mrs. and Mr. Ram visited Japan and brought following goods while returning to India. Their personal effects valued at ₹ 85,000. A personal computer bought for ₹ 68,000. A laptop computer bought for ₹ 79,000. Two litres of liquor bought for ₹ 1,800. A new camera bought for ₹ 67,400, 150 cigars cost ₹ 24,000, 100 firearm cartridges cost ₹ 10,000. Air dryer from duty free shop ₹ 14,000. What is the amount of customs Duty payable ?
7. X company Ltd. an Indian company, furnished the following particulars of its income for the previous year ended 31<sup>st</sup> March 2018, compute its total income for the Assessment 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 :

- ₹ 5,000 revenue expenditure and ₹ 20,000 capital expenditure for family planning programme amongst employees.
- Donation to Ambedkar university, Agra ₹ 30,000 by cheque ; Ved Mata Gayatri trust, Shandi Kunj, Haridwar ( an approved trust u/s 80 G) ₹ 70,000 by cheque and Rajiv Gandhi Foundation ₹ 5,000 by cheque.

#### SECTION - B

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

- Explain the set-off and carry forward under company tax and important corporate Deductions.
- P and Q want to start a business. They have two options for selecting a form of organization, partnership firm or a Pvt. Co. The estimated profits of which, before the following deduction are ₹ 11,98,000.
  - Remuneration ₹ 25,000 p.m. each by the firm and ₹ 35,000 p.m. each by the company.
  - Each will give a loan to the business of ₹ 4,00,000 @ 12% p.a.
  - Contribution as capital ₹ 4,00,000 each, on this interest will be paid @ 12% p.a. However the company cannot pay the interest on it.
  - The profit after tax will be distributed 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 31<sup>st</sup> March 2018.

Statement of Profit and Loss for the year ended 31<sup>st</sup> 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



<b>IV Expenses :</b>		
Cost of materials consumed		-
Changes in inventories of finished goods, WIP and stock-in-trade		-
<b>Employee benefits expenses :</b>		
Salaries and wages		4,00,000
Depreciation and Amortization expenses		5,00,000
<b>Other expenses :</b>		
Rent and rates		3,00,000
Repairs		1,40,000
Selling expenses		3,80,000
<b>Total expenses</b>		<b>17,20,000</b>
<b>V Profit before tax</b>		<b>32,80,000</b>
<b>VI Tax expenses :</b>		
Income Tax		3,80,000
<b>VII Profit for the period</b>		<b>29,00,000</b>
<b>Surplus Statement</b>		
Profit/loss as per last B/S(if any)		-
Current year's profit		29,00,000
<b>Add : Transfer from General Reserve</b>		<b>4,00,000</b>
		<b>33,00,000</b>
<b>Less : Appropriations :</b>		
Proposed dividend		2,90,000
<b>Profit carried to B/S</b>		<b>30,10,000</b>

**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.