



PG – 824

III Semester M.B.A. (Day) Examination, February/March 2014
(2007-08 Scheme)
MANAGEMENT

F-3 : Tax Compliance and Management

Time : 3 Hours

Max. Marks : 75

Instruction : Answer all the Sections.

SECTION – A

1. Answer any six sub-questions, each question carries two marks. (6×2=12)
- What is HSN commodity description ?
 - Define annual value.
 - State the provisions relating to Expenses on scientific research in computing income from business.
 - Distinguish between tax planning and tax evasion.
 - What do you mean by nexus theory ?
 - What is Baggage ?
 - What do you mean by Indian company and domestic company ?
 - What do you mean by tax credit in company taxation ?

SECTION – B

Answer any three questions, each question carries eight marks. (3×8=24)

- Explain the corporate/company deductions under Section 80 of Income Tax Act, 1961.
- Discuss how tax liability of an assessee is determined with reference to his residence.

P.T.O.



4. Mr. and Mrs. Ram visited Germany as tourist and bought a personal computer for ₹ 52,000 and a laptop computer of ₹ 78,000, 2 liter liquor ₹ 1,600, one new camera of ₹ 39,800, 10 grams of gold ₹ 40,000, one colour TV of ₹ 70,000 besides their personal effects valued at ₹ 1,33,000. What is the customs duty payable, if duty on baggage is 35% plus education cess as applicable ?
5. Inter-state sales of Deepak brothers, Bhopal, MP of product X was ₹ 6 lakhs during the year ended 31st March 2012. The same is inclusive of sales tax charged in invoices at appropriate rates. The goods were liable to tax @ 4% if sold within state of MP. Out of the goods sold, goods of ₹ 50,000 were returned. These were sold by Deepak brothers in Feb. 2012 and returned by buyer in May 2012 as they were in excess of his requirements. Some goods of ₹ 30,000, despatched in December 2011 were rejected by a buyer and sent back in Nov. 2012. Find the taxable turnover and CST if C form was received from all buyers.
6. Mr. Arun owns two houses, sells a residential house in Mumbai for ₹ 22,00,000 on May 1st 2012. This house was purchased by him on April 1st 1987 for ₹ 2,80,000. On May 30, 2012 he purchased a flat in Delhi for ₹ 4,00,000 for the purpose of the residence of his son-in-law, CII for the financial year 1987-88 and 2012-2013 are 150 and 852 respectively. During the previous year his only other income was from house property amounting to ₹ 30,000. He deposited ₹ 40,000 in PPF. Compute the chargeable amount of capital gains and tax liability for the assessment year 2013-2014.

SECTION – C

Answer any two questions from the following, each question carries twelve marks.

(12×2=24)

7. Enumerate expenses which are allowed in computing taxable profits of a business and also state expenses or losses which are not admissible.
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8. The profit and loss of XYZ Ltd., a domestic company for the year ending 31st March 2013 is given below :

Profit and Loss A/c		
To Expenses related		By Sale 15,25,000
to manufacturing	5,00,000	” LTCG 2,85,000
” Other expenses	4,10,000	” Amount withdrawn
” Provision for contingent liability	20,000	from general reserve 10,000
” Proposed dividend	4,02,000	
” General reserve	30,000	
” Wealth tax	15,000	
” Income tax	25,000	
” N/P	4,18,000	
	18,20,000	18,20,000

Other relevant information are as follows :

- An outstanding liability related to sales tax for 2010-11 paid during 2012-2013 ₹ 50,000 which was not charged to above P & L A/c.
- Brought forward loss as per books of A/c is ₹ 30,000 while the brought forward depreciation as per books of A/c is ₹ 40,000.
- Brought forward unabsorbed depreciation is ₹ 2,30,000.
- Brought forward loss under the head capital gain ₹ 1,75,000.

Compute the tax liability of XYZ Ltd., for the assessment year 2013-2014.

9. From the following data, you are required to compute the customs duty payable by Shaw & Co. FOB value of textile machinery 1,00,000 €, Air freight 26,000 €, expenses incurred by the seller for improving the design, at buyer importer's request 4,000 €, transit insurance 2,000 €, exchange rate 1 € = ₹ 60, BCD 25%, rate of CUD 16%, rate of SAD 3%. The price offered to the importer is a special discounted price. The buyer-importer has been specifically directed not to disclose this price to any buyer in India. Sellers normal selling price is 1,20,000 €.



SECTION - D

10. Case study (Compulsory) :

(1×15=15)

From the following particulars, compute total income and tax payable and also tax planning by Mr. Ravi a senior citizen with disability for the assessment year 2013-2014.

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| a) Salary received from employer | 3,40,000 |
| b) Annual value of let-out house | 1,50,000 |
| c) Interest on loan to purchase another house which is SOP | 80,000 |
| d) He had sold another residential house on 1-4-2012 for ₹ 20,94,000. Its fair market value on 1-4-1981 was ₹ 2,00,000. He re-invested on 30-7-2012 ₹ 3,76,000 in the bonds of NHAI (CII for 2012-2013 is 852). | |
| e) He won ₹ 40,000 in race course betting and ₹ 2,000 in lottery. | |
| f) He paid ₹ 6,000 by cheque as premium to secure the health insurance of GIC for his family. | |
| g) His mother dependent on him is suffering from cancer and he spent ₹ 16,500 on her treatment. | |
| h) His minor son disabled on whose special education he spent ₹ 15,000. | |
| i) He donated ₹ 10,000 to Gujarat State CMRF. | |
| j) He gave ₹ 2,000 for repair of a notified temple and ₹ 4,500 to family planning association of India. | |