



PG – 1139

III Semester M.B.A. Degree Examination, February 2016
(2007-2008 Scheme)
MANAGEMENT
Paper – F-3 : Tax Compliance and Management

Time : 3 Hours

Max. Marks : 75

SECTION – A

1. Answer **any six** of the following questions. Each question carries **two** marks. (6×2=12)
- What is a widely held company ?
 - Differentiate between tax planning, tax avoidance and tax evasion.
 - State the 'chargeability' and 'basis of charge' for 'Income from other sources'.
 - Explain the conditions to be fulfilled for carrying forward and setting-off or losses of business income.
 - List the rates of tax as applicable to individual assesseees.
 - What is 'goods' under CST Act ?
 - What is 'value' for the purpose of levy of Customs Duty ?
 - State the conditions to be fulfilled for levy of excise duty in India.

SECTION – B

Answer **any three** of the following questions. Each question carries **eight** marks.
(3×8=24)

- Explain the provisions pertaining to Depreciation and Additional Depreciation u/s 32 of the Income Tax Act, 1961.
- Briefly explain the following Sections :
 - 80 U
 - 80 TTA
 - 80 DDB
 - 80 IA

P.T.O.

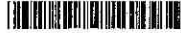


4. The following is the Profit and Loss Account of Mr. X for the year ended on 31st March, 2013. Compute his taxable income from business for that year.

	₹		₹
Opening Stock	15,000	Sales	2,80,000
Purchases	1,40,000	Closing Stock	20,000
Wages	20,000	Gift from father	10,000
Rent	46,000	Sale of Car	17,000
Repairs of Car	3,000	Income tax Refund	3,000
Medical Expenses	3,000		
General Expenses	10,000		
Depreciation of Car	4,000		
Profit for the year	89,000		
	3,30,000		3,30,000

Following further information is given :

- 1) Mr. X carries on his business from a rented premises half of which is used as his residence.
- 2) Mr. X bought a car during the year for ₹ 20,000. He charged 20% depreciation on the value of the car. The car was sold during the year for ₹ 17,000. The use of the car was 3/4th for the business and 1/4th for personal use.
- 3) Medical expenses were incurred during the sickness of Mr. X for his treatment.
- 4) Wages include ₹ 250 per month on account of Mr. X's driver for 10 months.
5. B Ltd. manufactures ointment. The sales price is Rs. 43/unit. The sales price of includes 14% excise duty as BED and education cess as applicable. It also includes CST of 3% units cleared 100000 units. Calculate the total excise duty liability of B Ltd.
6. What tax measures would you suggest with regard to management decision of make or buy and amalgamation ?



SECTION - C

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

(2x12=24)

7. Explain the provisions governing the set-off of losses and carry forward of losses.
8. X Co. Ltd. has provided the following information for the year ended 31-3-2013 :

- 1) Total income computed as per provisions of the income tax ₹ 20,00,000
- 2) Profit as per Profit and Loss A/c ₹ 50,00,000
- 3) a) Items debited to P and L A/c

	₹
i) Provision for income tax	6,50,000
ii) Dividend distribution tax	40,000
iii) Provision for deferred tax	60,000
iv) Securities transaction tax	1,00,000
v) Provision for gratuity on actuarial valuation	1,50,000
vi) Dividend declared	2,50,000
vii) Expenditure to earn agricultural income	1,00,000
viii) Depreciation	4,50,000

(This includes depreciation of ₹ 2,00,000 on revaluation of assets)

- b) Items Credited to P and L A/c

	₹
i) Transfer from special reserve	2,00,000
ii) Agricultural income	4,00,000
iii) LTCG exempt u/s 10(38)	2,00,000

- 4) Brought forward business loss as per books of account ₹ 8,00,000
- 5) Brought forward depreciation as per books of account ₹ 7,00,000

You are required to compute :

- a) Tax payable by the company b) Tax credit to be carried forward if any.

9. From the following particulars determine the Assessable value and customs duty payable :

FOB value of machine 16,000 \$

Freight paid (air) 5,000 \$

Design and development charges paid in USA 1,000 \$ commission payable to local agent @ 2% of FOB in Indian Rupees.

Date of bill of entry 24-10-2009, rate BCD 20% exchange rate as notified by CBEC ₹ 55/\$, date of entry inward 20-10-2009 (rate of BCD 18%, exchange rate as notified by CBEC ₹ 60/\$), CVD payable @ 16% plus education cess as applicable, special CVD as applicable, insurance charges actually paid but details not available.



SECTION - D

10. Case study (compulsory) :

(1×15=15)

Calculate tax liability with the following information, assuming 50% of DA enters into service benefits and the employee is with a private company in Chennai, population being 15 lakhs.

Basic salary	₹ 5,000 p.m.
DA	₹ 3,000 p.m.
CCA	₹ 750 p.m.
Project allowance	₹ 250 p.m.
Academic research allowance	₹ 400 p.m.
Transport allowance	₹ 900 p.m. (for commuting between place of residence and place of duty)
Education allowance	₹ 200 p.m. per child for 3 children
Hostel allowance	₹ 400 p.m. per child for 2 children
Conveyance allowance	₹ 700 p.m. (entire amount is used for private purposes)

He and his employer contribute 15% of salary towards RPF. Interest at 7.5% of ₹ 7,500 is credited to the account. The employee claims for the perquisites.

- 1) Rent free furnished accommodation provided and the employer owns the house. Cost of furniture ₹ 40,000
- 2) LIC premium of ₹ 3,000 is paid by the employer
- 3) Legal expenses of ₹ 2,000 of employee is paid by the employer
- 4) Club bill of ₹ 6,000 is paid by the employer
- 5) Received interest from SB A/c ₹ 20,000
- 6) LIC paid by employee on his dependent parents ₹ 15,000 sum assured is ₹ 60,000
- 7) Donation to PMNRF ₹ 2,000.