



III Semester M.Com. Degree Examination, May 2024
(CBCS) (2021-22 Onwards)
COMMERCE

3.5 (A&T) : Corporate Tax Planning

Time : 3 Hours



Max. Marks : 70

SECTION – A

Answer **any seven** questions out of ten. **Each** question carries **two** marks. (7×2=14)

1. A) What is Annual Finance Act ?
- B) Distinguish between "Tax Avoidance" and "Tax Evasion".
- C) List out any four Tax Haven Countries.
- D) Mention the steps to register TDS returns.
- E) What is Transfer Pricing ?
- F) What is rebate ?
- G) Write the provision available for under Section 80IB.
- H) What do you mean by Investment Company ?
- I) Define Vivad se Viswas.
- J) Write the provisions of Advance Tax Rulings.

SECTION – B

Answer **any four** questions out of six. **Each** question carries **five** marks. (4×5=20)

2. Distinguish between TDS and TCS.
3. Explain the provisions of Depreciation under Section 32.
4. Briefly explain MAT.



5. Sachin Ltd. wants raise capital of Rs. 20,00,000 for a project where earning before tax shall be 40% of the capital employed. The company can raise debt fund @18% p.a. Suggest, which of the following 3 alternative should it opt for ;
- a) Rs. 20,00,000 to be raised by equity capital.
 - b) Rs. 16,00,000 by equity and Rs. 4,00,000 by loans.
 - c) Rs. 4,00,000 by equity capital and Rs. 16,00,000 by loans.

Assume the company shall distribute the entire amount of profit as dividend and tax rate is @ 27.82%.

6. Mr. Mohan carrying on business as property converted the same into a limited company of the assessment year are given below :

Block 1 WDV of plant and machinery rate of depreciation at 18% Rs. 14,00,000

Block 2 WDV of building rate of depreciation at 10% Rs. 26,00,000, the company acquired plant and machinery 1-7-2022.

Compute the amount of depreciation to be claimed by Mr. Mohan for the Assessment year 2023-24.

7. XY and Co., a firm has an estimated taxable business income of Rs. 4,80,000 and taxable LTCG Rs. 1,20,000. Calculate advance tax in statements if the TDS is estimated to be Rs. 11,000 for the Financial Year 2023-24.

SECTION – C

Answer **any two** questions out of four. **Each** question carries **twelve** marks.

(2x12=24)

8. Discuss the provisions of Set – Off and Carry Forward of Losses, under Income Tax Act.
9. Explain the tax planning with respect to amalgamation and mergers of multinational companies.



10. Decide which one is better alternative lease or buy in the following situations :

Purchase price of an asset is Rs. 1,00,000

Tax Rate @ 26%

Rate of interest @ 12%

Rate of depreciation @ 15%

Repayment of loan by the assessee Rs. 20,000 p.a.

Residual value Rs. 20,000 after 5 years

Profit of the assessee Rs. 1,00,000 before depreciation, interest and tax.

Lease rent Rs. 30,000 p.a.

The present value factor is 10%

Years	1	2	3	4	5
PV factor	0.909	0.826	0.751	0.683	0.621

11. X Ltd., closely held Indian Company, is engaged in the business of processing of meat and meat products. The following information for the Financial Year 2022-23 are given.

Statement of Profit and Loss for the year ended 31st March 2023

Particulars	Amount (Rs.)
Revenue from operations :	
Domestic sales	22,23,900
Export sales	5,76,100
Other income	2,00,000
Total income	30,00,000
Expenses :	
Cost of materials consumed	—
Changes of inventories of finished good, work in progress and stock in trade	—
Employee benefits expenses	—
Salary and wages	2,10,000
Depreciation and amortization expenses	4,24,000
Other expenses :	
Entertainment expenses	15,000
Travelling expenses	36,000



Outstanding custom duty	17,500
Provision for unascertained liabilities	70,000
Loss of Subsidiary Company	30,000
Salary to Managing Director	1,80,000
Fees paid to Tax Expert	21,000
Total expenses	10,03,500
Profit before tax	19,96,500
Tax expenses :	
Income tax	3,50,000
Profit for the period	16,46,500
Surplus statement :	
Profit/Loss as per last Balance Sheet (If any)	—
Current Years profit	16,46,500
Less : Appropriations :	
Proposed dividend	60,000
Profit carried to Balance Sheet	15,86,500

For tax purpose the company wants to claim the following :

- 1) Deduction U/S 80 IB(30 percent of Rs. 15,86,500)
- 2) Depreciation as per IT Rs. 5,36,000.
- 3) The company wants to set off the following losses :

	For Tax Purpose	For Accounting Purpose
B/F Loss of 2018-19	11,80,000	2,40,000
Unabsorbed depreciation	—	5,000

Compute tax liability under Income Tax Act.

SECTION – D

Compulsory

(1×12=12)

12. Have you ever filed TDS/TCS return ? Explain the overview of TDS return for salary.
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