

**Avinashilingam Institute for Home Science and Higher Education for Women
Coimbatore – 641 043**

**Master Degree Examination – November 2017
III-Semester**

Class : II PG
Major : M.B.A. / M.B.A. – IT Organisation Administration

Max. Marks: 60
Time: 3 hours

**Functional Specialisation // II Paper – II
16MBAC21F/22F - Corporate Tax Planning**

Part A

10 × ½ = 5

Choose the correct answer

1. The basic objective of taxation is
 - a. To procure resources
 - b. To provide incentives to save inflation
 - c. To check
 - d. To achieve reduction in consumption goods
2. Income tax is levied by
 - a. State Government
 - b. Central Government
 - c. Local Authority
 - d. State and Central Governments.
3. Dearness allowance is taxable in the hands of:
 - a. Government Employees
 - b. Non Government Employees
 - c. All employees
 - d. None of these
4. The basis of charge for Tax on income form house property is
 - a. Annual Value
 - b. Rental Value
 - c. Municipal Value
 - d. Market Value
5. Income from sale of house hole furniture is:
 - a. Taxable capital gain
 - b. Exempted capital gain
 - c. Short term capital gain
 - d. Long term capital gain
6. Tax is reduced from casual incomes at
 - a. 10% + surcharge and cesses
 - b. 20% + surcharge and cesses
 - c. 30%
 - d. 10%
7. 'Clubbing of income' is a method to discharge
 - a. Tax evasion
 - b. Tax avoidance
 - c. Excessive exemptions
 - d. Excessive tax payment
8. Brought forward depreciation cannot be set-off against
 - a. Business income
 - b. House property income
 - c. Salary Income
 - d. Capital gains
9. If assessee is a senior citizen, maximum permissible deduction for premium paid for medical insurance u/s 80D is
 - a. Rs.5,000
 - b. Rs.10,000
 - c. Rs.30,000
 - d. Rs.50,000
10. For tax deducted at source, employer issues to employee
 - a. Form 20
 - b. Form 13
 - c. Form 16
 - d. Form 31A

Part B

5 × 4 = 20

Answer the following

Answer should not exceed 200 words or one page

- 11.a. Mr. Rajendran left for U.S.A. along with his family, for the first time, on 14.10.2015. He returned to India on 31.5.2016. Determine his residential status for the assessment year 2016-2017.

(OR)

- 11.b. Mr. B has let out a house property for a monthly rent of Rs.20,000. Its Municipal valuation is Rs.2,50,000p.a. Its Fair Rental Value is Rs.2,40,000p.a. It has been let out from 1.10.91. Mr. B paid Rs.10,000 as municipal taxes. Municipal taxes paid by the tenant are Rs.5,000. Rs.3,000 Municipal taxes are due but not paid. Out of Rs.10,000 paid by B Rs.2,000 relates to subsequent two years. Find out net annual value of the house property for the AY: 2016-17.

- 12.a. A firm's stock of goods valued on 31.3.2016 on Rs.3,00,000 at 20% below the cost. Calculate the amount of under valuation of stocks.

(OR)

- 12.b. The profit and loss account of a firm shows a profit of Rs.20,000 after charging the following sums.

Income Tax paid Rs.20,000
Travelling expenses (business) Rs.50,000
Penalty and fees Rs.10,000
Sales Tax Rs.50,000
Remuneration to partners Rs.80,000
Compute the taxable profit.

- 13.a. Find out inflated cost for assessment year 2016-17.
Cost of house purchased in 1979-80 for Rs.90,000
Fair market value on 1.4.81 being Rs.1,50,000
CII for 1981-82 is 100; for 2015-16 is 1081.

(OR)

- 13.b. Compute 'Income from other sources' from the following information for the financial year 2015-16.

(i) Amounts won from: Lottery Rs.80,000; Betting on Horse Racing Rs.8,000
(ii) Amount Received from: Lottery Rs.63,000; Betting on Horse Racing Rs.42,000.
(iii) Income from: Lottery Rs.1,800; Betting on Horse racing Rs.1,000.

- 14.a. Following details are available in respect of income of Mr. Y for the year 2015-16.
Long Term Capital gain Rs.2,10,000
Consolidation salary Rs.1,00,000
Rent received from a let out property Rs.1,00,000
Dividend from an Indian Company Rs.50,000
Compute the total income.

(OR)

- 14.b. How would you determine the net income of an assessee?

15.a. What is tax planning? Explain its objectives.

(OR)

15.b. Define foreign collaboration..

Part C

5 × 7 = 35

Answer the following (Q20 is Compulsory)

Answer should not exceed 600 words or three pages

16.a. Mr.A.B. Sen has furnished following particulars:

- (i) Salary @ Rs.10,000 p.m.
- (ii) Dearness Allowance @ Rs.500 p.m. (it enters into pay for retirement benefits).
- (iii) Entertainment Allowance @ Rs.600p.m.
- (iv) Bonus Rs.8400
- (v) Cost of furnishing Rs.20,000.

Calculate the value of rent-free house if:

Case I. Mr.A.B. Sen is Govt. employee and rent of house fixed by Govt. is Rs.300 p.m.

Case II Mr.A.B. Sen is working in a Semi-Govt. undertaking at Chennai (Population more than 25 lakhs) and Fair Rental Value of the house is Rs.1000 p.m.

Case III. Mr. A.A.B. Sen is working in private sector at Chandigarh (population below 10 lakhs) and Fair Rental Value of the house hired by employer is Rs.3000 p.m. He is also provided with hired refrigerator whose hire charges of Rs.600 p.m. are paid by employer.

(OR)

16.b. Mr. Anil built a residential house at Hyderabad and for the completion of the house he took a loan of Rs.20 lacs from a bank as under:

On 1.5.2009 Rs.8,00,000 @10%

On 1.11.2010 Rs.8,00,000@ 9%

On 1.1.2012 Rs.4,00,000 @8%

House was completed in Oct.2012 and since then it is occupied for the residential purposes of his family. The repaid Rs.400000 to the bank on 1st Dec.2015 and bank adjusted this amount against the loan of 2009. Determine the amount of deduction admissible u/s 24.

17.a. Mr. H submits the following particulars about sale of assets during the year 2015-16.

Particulars	Jewellery(Rs.)	Plot(Rs.)	Gold(Rs.)
Sale price	5,00,000	19,24,000	3,40,000
Expenses on sale	NIL	24000	NIL
Cost of Acquisition	50,000	2,00,000	80,000
Year of acquisition	1987-88	1984-85	1999-2000
C.I.I.	150	125	389

He has purchased a house for Rs.12,00,000 on 1.3.2016. Calculate the amount of taxable capital gain if C.I.I. for 2015-16 is 1081.

(OR)

17.b. Compute income from other sources from particulars given below:

S.No.	Particulars	Amount(Rs.)
1	Interest on deposits with a company	10,000
2.	University remuneration for working as examiner	6,000
3.	Royalty for writing books, he claims to have spent Rs.20000 on writing these books.	60,000
4.	Dividend declared by R.Co. on 1.3. 2016 but paid on 1.5.2016	6,000
5.	Interim dividend paid on 1.5.2015	3,000
6.	Stake money on race horses, Horses are maintained by him and expenses on maintenance of these horses are	1,50,000 2,40,000
7.	Family pension received	36,000

- 18.a. Explain any seven deductions U/s 80 for computation of Gross Total Income.
(OR)
- 18.b. Describe the provisions under the Income Tax Act regarding set-off and carry-forward and set-off of losses u/s 70-79.
- 19.a. Under what circumstances income of other persons can be included in the income of assessee under Income Tax Act, 1961?
(OR)
- 19.b. From the following, compute the taxable income under the head income from business, profit before adjusting the following items is Rs.5,50,000.
- Administration expenses Rs.10,000
Trade expenses Rs.5,000
House hold expenses Rs.3,000
Discount allowed Rs.4,000
Income Tax Rs.400
Provision for bad debts Rs.2,000
Bad debts Rs.3,000
Donation to P.M. National relief fund Rs.4,000
Legal fee Rs.200.

20.a. Compulsory Question:

The total income of an individual (45 years old) computed under the normal provisions of Income Tax Act is Rs.10,00,000. However, the 'adjusted total income' of the individual (computed as per section 115JC (2)) amounted to 30,00,000. Calculate the Final Tax Liability of the Individual for Assessment year 2015-16.
