

2018

M. Com.

2nd Semester Examination

Tax Laws and Planning

PAPER – COM – 203

Full Marks : 50

Time : 2 Hours

Use separate sheet for each Unit

Candidates are required to give their answers in their own words as far as practicable.

UNIT – I

1. Answer any two questions of the following: 5 X 2

- (a) You are required to compute the book profit of Stout Ltd. from the following information –
NP as per P/L A/C – Rs. 679570/-. The debit items includes- salary wages Rs. 112750/-, Depreciation : Normal Rs. 22890/-, due to revaluation Rs. 7850/-, Consultation fees Rs. 39820/-, Provision for ascertained liability Rs. 3250/-, Provision for dividends Rs. 35650/-, Wealth Tax Rs. 25525/-. The credit items includes transfer from Investment Fluctuation Reserve Rs. 19800/-, Transfer from Revaluation Reserve Rs. 15000/-.
- (b) Write down the provision of U/S 80D relating to Health Insurance Premium.
- (c) XYZ Pvt. Ltd. has three share holders i.e. X, Y and Z. All the three shareholders have equal share holding of the Company. During the previous year 2016-17 the company incurred a loss of Rs. 120000/-. On 25.03.17 X and Y transfer their holding to A. On 31.03.17 the share holders were, Z 1/3rd shareholding, A 2/3rd shareholding. Will the company be able to carry forward & set off the loose of Rs. 120000/- to the subsequent year.

(Turn over)

(d) State the provision of payment of dividend distribution Tax. How dividend from subsidiaries can be treated in this regard.

2. Answer any one questions of the following: 10 X 1

a) Mr. Kapil Rana, an employee of AB Ltd., earned a total income of Rs. 455000/- from salaries and Rs. 300000/- from HP. He also earned interests of Rs. 14950/- (Rs. 950/- from savings A/C & balance from Fixed Deposit) during the AY – 2017-18. His investment/ Expenses during the year are – Contribution to PPF Rs. 25000/-, Deposit towards NPS Scheme Rs. 20000/-, Rs. 75800/- re-payment of HBL, Interest on HBL Rs. 132220/- & paid mediclaim policy for Senior Citizen parents Rs 34890/-

i) Calculate the Tax Liability of the assessee.

ii) Write a note on Set Off of losses from business. 6+4

b) i) How do you determine the book profit of a company?

ii) What do you mean by investment company?

iii) Distinguish between closely held company and widely held company.

iv) How do you determine the residential status of a company?

4+1+2+3

UNIT – II

3. Answer any two questions of the following: 5 X 2

a) Expand limited wants to purchase a plant costing Rs. 800000/- it decides to contribute 40% and remaining 60% will be financed through 5 years loan with a interest 12%. The other information are- Depreciation rate is 15% WDV basis, the life is 5 years, the K_0 is 13% and the Tax rate is 30.9%. Calculate the outflow in the case of purchase using the above proposal.

b) Mrs. Kankana Das, Aged 55 years gives you the following information relating to her particular incomes, advance taxes, TDS for the AY 2017-18 –

Declared income: Rs. 736500/- (including short-term capital gain or Rs. 116500/- from sale of a piece of land in May, 2016).

Advance taxes paid are as follows : On 12.09.16- Rs. 14500/-, 03.12.16- Rs. 16700/-, 14.03.17- Rs. 24200/-, TDS- Rs. 1580/-

Calculate interest U/S 234C.

c) Distinguish between Short Term tax planning and Long Term tax planning? What are the factors on the basis of which Tax Planning is done?

d) From the following information calculate the interest U/S 234A & B for the AY 2017-18

Taxable income Rs. 590000/-, TDS Rs. 30000/-, Advance Tax paid Rs. 20000/-, Date of submission of return- 15.12.2017 & Date of payment of Tax- 14.12.2017.

4. Answer any one questions of the following: 10 X 1

a) i) What is Self Assessment Tax? How is it calculated?

ii) XY Ltd. filed its return which mentioned the income as Rs. 670000/- and Pre-paid Tax includes Rs. 165000/- & 12500/- as TDS. If the amount of interest U/S 234A as per the return is Rs. 1475/-, determine the Month in which the belated return was filed. 5+5

b) i) What are the schedule of payment of advance tax for different type of assessee?

ii) The estimated gross total income of X Ltd. is Rs. 3000000/- which include 1000000/- on account of earned on 16.09.2016.

Compute the Advance Tax payable by the Company assuming Rs. 28000/- has been deducted at source during the FY 2016-17. 5+5

(Internal Assessment :10 marks)