



Name : .....

Roll No. : .....

Invigilator's Signature : .....

**CS/MBA (NEW)/SEM-3 (FT)/FM-301/2009-10**

**2009**

**CORPORATE TAXATION AND TAX PLANNING**

Time Allotted : 3 Hours

Full Marks : 70

*The figures in the margin indicate full marks.*

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

**GROUP – A  
( Multiple Choice Type Questions )**

1. Choose the correct alternatives for any *ten* of the following : 10 × 1 = 10

i) According to the Income Tax Act, 1961 a person does not include a/an

- |          |               |
|----------|---------------|
| a) Trust | b) Individual |
| c) Firm  | d) Company.   |

ii) Income tax is rounded off to

- a) nearest ten rupees
- b) nearest one rupee
- c) nearest hundred rupees
- d) none of these.



- iii) Tax on inter-state sale is levied by
- a) Central Government
  - b) State Government
  - c) Municipal Corporation
  - d) Both (a) & (b).
- iv) Interest is credited to RPF exempt from tax if rate of interest does not exceed
- a) 8.5%
  - b) 9%
  - c) 9.5%
  - d) 10%.
- v) X Ltd. gives a gift of Rs. 7,500 to its employee Ganesh on his birthday. The taxable value of the gift in the hands of Ganesh is
- a) Rs. 5,000
  - b) Rs. 7,500
  - c) Rs. 2,500
  - d) nil.
- vi) Surcharge of 10% is payable by an individual where the total income exceeds
- a) Rs. 7,50,000
  - b) Rs. 8,50,000
  - c) Rs. 10,00,000
  - d) none of these.
- vii) For an employee in receipt of hostel expenditure allowance for his three children, the maximum annual allowance exempt under Section 10(14) is
- a) Rs. 10,800
  - b) Rs. 7,200
  - c) Rs. 9,600
  - d) Rs. 3,600.



- viii) MAT is the short form of
- a) Minimum Alternate Tax
  - b) Maximum Alternate Tax
  - c) Major Amendment to Tariff
  - d) Medium Assessment Taxation.
- ix) X gifts Rs. 5,00,000 to Mrs. X Mrs. X purchases a house property out of the gifted money. Income of the house property is computed in the hands of
- a) Mr. X
  - b) Mrs. X
  - c) none of them
  - d) all of them.
- x) An open air swimming pool constructed at a considerable expense in Indian Income Tax Act the swimming pool is
- a) treated as a building
  - b) not treated as a building
  - c) treated as a incomplete structure
  - d) none of these.
- xi) Under Section 24(a) what percentage of net annual value is deductible ?
- a) 40%
  - b) 35%
  - c) 30%
  - d) 32%.
- xii) The contract for the purchase or sale of stocks, shares or commodity is a
- a) speculative transaction
  - b) non-speculative transaction
  - c) none of these
  - d) all of these.

CS/MBA (NEW)/SEM-3 (FT)/FM-301/2009-10



**GROUP – B**  
**( Short Answer Type Questions )**

Answer any *three* of the following.

3 × 5 = 15

2. Briefly discuss any five incomes, which are exempt under Section 10 of the Income Tax Act.
3. What do you mean by depreciation under Income Tax Act. Briefly explain the calculation of depreciation for Income Tax Act.
4. Discuss briefly any five deductions allowed from Gross Total Income under Section 80 of the Income Tax Act.
5. Discuss four “M” under Central Excise Laws.
6. X, a chief executive of a company had undertaken foreign tour on various occasions for company’s work and was out of India for a total number of 225 days during the previous year ending 31st March 2009. He subunits his return of income for assessment year 2009-10 in the status of non-resident. Is he justified ? He visited a foreign country for the first time during May 2007.



**GROUP – C**

**( Long Answer Type Questions )**

Answer any *three* of the following.  $3 \times 15 = 45$

7. The P & L Account of Lafda Limited for FY 2008-09 showed a profit of Rs. 48,00,000 as per Schedule VI, Part II. The following additional information is provided to you :
- Donation Rs. 50,000 was made to an Old Men's Home, recognized U/s 80G of the I.T. Act. This amount was debited to the P & L Account.
  - R & D expenditure shown in the Balance Sheet included Rs. 7,00,000 given to a Scientific Research Body recognized by the IT Act. You are informed that the company is eligible for a weighted deduction of 1.5 times the amount, u/s 35.
  - Payment in cash to Depositors ( redemption ) is Rs. 1,00,000 and to suppliers for a purchase of Rs. 1,50,000 have been made.
  - IT WDV depreciation for the asset blocks is Rs. 11,50,000. The Book Depreciation debited to the P & L Account is Rs. 4,50,000.
  - An amount of Rs. 25,000 as income from interest and dividends is credited to the P & L Account. The investments are not connected with the business activity.

Assess the tax liability from Profits and Gains from Business Income from the information given above.

CS/MBA (NEW)/SEM-3 (FT)/FM-301/2009-10



8. Mrs. Lal ( 63 years ), a sales executive in Delhi, gets the following emoluments during the previous year ending March 31, 2009.

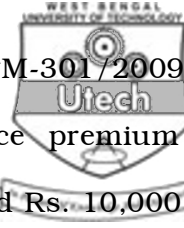
Basic salary : Rs. 6,400 per month; dearness allowance ( part of salary for superannuation ) : Rs. 1,200 pm.; entertainment allowance : Rs. 2,500 p.m; special allowance Rs. 5,000 p.m.; house rent allowance Rs. 1,900 p.m; rent paid by her Rs. 1,600 p.m.; and helper allowance for domestic use : Rs. 500 p.m.

The employer-company provides a Maruti car for personal use of Mrs. Lal ( employer's expenditure : Rs. 47,800, depreciation of the car @ 10% : 36,000 ). The employer also provides club facility for personal use of Mrs. Lal ( expenditure of the employer : Rs. 12,100 ) and free lunch ( cost being Rs. 60 per day for 100 days ).

Mrs. Lal is neither a director nor a share holder in the employer-company.

Her one son is taking education from an institution and school fees of Rs. 12,000 is paid by employer whereas another son is taking education in a school run by the employer. The cost of education is similar type of institution is Rs. 18,000 per year.

While her employer contributes Rs. 1,700 p.m. towards Recognized Provident Fund, she contributes Rs. 1,500 per month. Her income from other sources is Rs. 1,68,000. Interest credited on September 10, 2008 @ 18% in the PF account is Rs. 30,000. She also contributes Rs. 2,500 per month to Public Provident Fund.

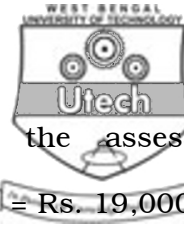


During the year, Mrs. Lal pays insurance premium of Rs. 5,000 on the life policy of her mother and Rs. 10,000 on her own life insurance policy ( sum assured : Rs. 90,000 ). Premium of Rs. 8,000 on the life policy of her husband falls due on March 23, 2009, though she pays the same on April 15, 2009.

Determine the total income and tax liability of Mrs. Lal for the assessment year 2009-10.

9. From the particulars given below by a resident individual compute the amount which is eligible for the deduction u/s 80c during the assessment year 2009-10.
- a) Amount deposited in GPF Rs. 20,000
  - b) LIC premium paid during the year :
    - i) On the life of assessee ( policy value Rs. 2,00,000 )  
Rs. 10,000
    - ii) On the life of married daughter ( policy value  
Rs. 50,000 ) Rs. 11,000
    - iii) On the life of niece, who is a minor ( policy value  
Rs. 50,000 ) Rs. 5,000

CS/MBA (NEW)/SEM-3 (FT)/FM-301/2009-10



- c) Tution fees for three children of the assessee  
( Rs. 5,000 + Rs. 6,000 + Rs. 8,000 ) p.a. = Rs. 19,000 )
- d) Contribution to the Public Provided Fund Rs. 20,000
- e) Repayment of housing loan ( with interest of Rs. 5,000 )  
Rs. 25,000
- f) Subscription to the mutual fund notified U/s 10 (23D ) :  
Rs. 25,000
- g) During the financial year 2007-08 he had purchased  
NSC VIII issue Rs. 10,000.
10. Describe in brief the Central Excise Act, 1944 and also  
comment on CENVAT.
11. What do you mean by Set of Off and carry forward of Losses  
U/s Sec 71, 72 and 76 of the I.T. Act ?

---

---