



Name : .....

Roll No. : .....

Invigilator's Signature : .....

**CS/MBA (OLD)/SEM-(3 FT & 5 PT)/FM-301/2010-11**

**2010-11**

**PUBLIC FINANCE & CORPORATE TAXATION**

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) A resident and ordinarily resident individual has to satisfy
  - a) at least one of the basic conditions and all of the additional conditions
  - b) all of the basic conditions only
  - c) all of the additional conditions only
  - d) all of these.
- ii) An employee is referred to as a non-specified employee when he is drawing
  - a) Rs. 1,50,000 or less
  - b) Rs. 50,000 or less
  - c) Rs. 10,00,000 or less
  - d) Rs. 25,000 or less.



- iii) One-third of commuted pension is chargeable to tax if the employee receives
- a) annuity
  - b) gratuity
  - c) perquisites
  - d) allowances.
- iv) For an employee in receipt of children education allowance for his three children, the maximum annual allowance exempt under Rule 2BB is
- a) Rs. 2,400
  - b) Rs. 7,200
  - c) Rs. 9,600
  - d) Rs. 3,600.
- v) Income that is absolutely exempt from Tax, under Income Tax Act, is enumerated under Section
- a) 5
  - b) 10
  - c) 40
  - d) 80.
- vi) Interest credited to recognize Provident Fund exempt from Tax if rate of interest does not exceed
- a) 8.5%
  - b) 9%
  - c) 9.5%
  - d) 10%.
- vii) Net annual value is arrived at after deducting an amount from annual value which is borne by the owner and actually paid by him during the previous year. The amount refers to
- a) Income tax
  - b) Wealth tax
  - c) Municipal tax
  - d) Interest on loan.



- viii) Tax on inter-state sale is levied by
- a) Central Government
  - b) State Government
  - c) Municipal Corporation
  - d) Both (a) & (b).
- ix) Which of the following canons is not mentioned by Adam Smith ?
- a) Canon of simplicity
  - b) Canon of certainty
  - c) Canon of convenience
  - d) Canon of equity.
- x) According to the Income Tax Act, 1961 a person does not include
- a) trust
  - b) an individual
  - c) firm
  - d) company.
- xi) PAN stands for
- a) Prominent Account Notification
  - b) Personal Account Number
  - c) Permanent Account Number
  - d) Previous Assessee Numerical.
- xii) FBT stands for
- a) Full Benefit Tax
  - b) Fringe Benefit Tax
  - c) Free Benefit Tax
  - d) Free Basic Tax.



**GROUP – B**

**( Short Answer Type Questions )**

Answer any *three* of the following.

3 × 5 = 15

2. Mr. Ajay retires from ABC Ltd. on June 30, 2008. He gets pension of Rs. 2,500 p.m. up to November 30, 2008. With effect from December 1, 2008 he gets 60% of pension commuted. Compute the taxable amount of pension. Does it make any difference if he also receives gratuity of Rs. 5,000 at the time of retirement ?
3. Write the provisions of Section 80CCC under the Indian Income Tax Act.
4. Define basic custom duty and additional custom duty.
5. Mr. Bijay purchases 2000 equity shares of Rs. 10 each in A Ltd. on June 10, 2008 @ Rs. 50. On October 20, 2008, he transfers 1200 equity shares @ Rs. 35 each and remaining 800 shares are transferred on December 20, 2008 @ Rs. 25 per share. A Ltd. declares 50% dividend ( record date : August 3, 2008 ). During the previous year 2008-2009, he has generated long term capital gain Rs. 80,000 on sale of gold. Compute long term capital gain for the assessment year 2009-2010.
6. Write a brief note on “Excisable” goods.



**GROUP – C**

**( Long Answer Type Questions )**

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

7. Mr. X and Mrs. X are foreign citizens. They came to India on October 15, 2008 for a visit of 270 days. In the earlier previous years, they were in India as follows :

Previous years	Mr. X	Mrs. X
2007-08	265 days	310 days
2006-07	26 days	240 days
2005-06	25 days	4 days
2004-05	120 days	208 days
2003-04	30 days	75 days
2002-03	20 days	360 days
2001-02	100 days	240 days
2000-01	5 days	195 days
1999-2000	6 days	176 days
1998-1999	130 days	146 days



During the previous year 2008-09, Mr. X and Mrs. X have the following incomes :

Details of incomes	Mr. X ( Rs. )	Mrs. X ( Rs. )
i) Interest on company deposit in India	1,40,000	2,40,000
ii) Income deemed to be earned in India	62,000	1,50,000
iii) Income from business situated in Nepal and controlled from India ( 40% received in India and 60% is received outside India )	84,000	1,00,000
iv) Salary received in India for services rendered outside India	92,000	86,000
v) Interest received from the Government of India ( received outside India )	1,58,000	46,000
vi) Interest received from a foreign company outside India ( on capital which is utilized outside India )	90,000	30,000
vii) Interest received from a foreign company outside India ( on loan from doing business in India )	68,000	92,000
viii) Dividend received from an Indian company on May 10, 2008	50,000	40,000
ix) Past untaxed profit of 2005-06 brought to India in May 2008.	1,00,000	50,000



The following information is also available :

Details	Place of birth	Year of birth
X	Delhi	1951
Mrs. X	Bombay	1952
Father of X	Muscat	1922
Mother of X	Kathmandu	1925
Grandfathers of X	Mexico & Dubai	1893
Grandmothers of X	Taipei & Lagos	1895
Father of Mrs. X	Dubai	1926
Mother of Mrs. X	Belfast	1927
Grandfathers of Mrs. X	Chicago and Muscat	1901
Grandmothers of Mrs. X	Karachi and Dubai	1902

Find out the residential status and gross total income of Mr. X and Mrs. X for the assessment year 2009-10.

8. How is the tax liability calculated under the head "House Properties" ? State with examples, the provision on exemptions from the income from house properties.
9. Discuss the salient features of Section 80C under the Indian Income Tax Act, 1961.



10. On a very fine day you have been appointed as a Finance Manager in a Multinational company. They are so pleased in your attitude that they have given you a free hand to design a salary structure where you can maximize your benefits and take home pay but at the same time you can minimize your tax bill. Your salary structure may include Basic, Dearness Allowance and Dearness Pay, Pension, Gratuity, other allowable allowances within limit ( *i.e.*, which would increase your salary income but do not increase your tax bill as are within limit ) and perquisites like rent-free accommodation, medical facilities, education facilities, car facilities, club facilities, free lunch, free servant and so on. However your Gross Salary will be within Rs. 6,00,000. Design your pay structure.
11. Write short notes on any *five* of the following :
- a) Set-off and carry-forward of losses
  - b) Cenvat credit
  - c) Tax planning, tax avoidance and tax evasion
  - d) Turnover
  - e) Capital gains
  - f) Assessment year.
12. What do you mean by foreign currency debt ? Discuss the problems the third world countries face when they take external debt from IMF, World Bank etc.