

D 52295

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Name.....

Reg. No.....

THIRD SEMESTER M.B.A. DEGREE EXAMINATION, JANUARY 2014

MBA FIN 5—CORPORATE TAXATION

(2010 admissions)

Time : Three Hours

Maximum : 36 Weightage

Answer all the parts.

**Part A**

Answer all the questions.

Each question carries 1 weightage.

1. Define Assessment Year.
2. What are the provisions under IT Act regarding carry forward of business loss ?
3. Why MAT is calculated ?
4. What is Bonus shares ?
5. Distinguish between Tax evasion and Tax avoidance.
6. How average rate of tax is determined ?

(6 × 1 = 6 weightage)

**Part B**

Answer any six questions.

Each question carries 3 weightage.

7. Write the scope of Total Income.
8. How tax liability is calculated on partial agricultural income ?
9. Explain expenses allowable under certain restrictions.
10. Explain Tax Planning with reference to dividend policy.
11. Explain tax planning with reference to foreign collaborations and joint ventures.
12. Explain the obligation of companies while computing taxable income and tax liabilities.
13. Ashwini Company Pvt. Ltd. furnish the following information :—

	Rs.
Interest on securities	... 10,000
Income from house property	... 20,000
(a) Textile manufacturing :	
Profit as per Profit and Loss Account	... 2,00,000
(before depreciation)	
(Depreciation)	... 95,000

Turn over

(b) Hosiery Manufacturing :	Rs.
Profit as per Profit and Loss Account ...	75,000
(before depreciation)	
Depreciation ...	18,000
Agency business loss brought forward	
from 2008-09 ...	15,000
Income from other sources ...	25,000

Compute the Total Income.

14. X Ltd. owns a house property which consists of 3 independent units. Ground floor which is equal to 40 % is retained by the company and used for its employees residential purpose and first floor also equal to 40 %, and is letout. Second floor which is equal to 20% is also letout.

Other information regarding the house is as under :

Fair rental value ...	90,000 p.a.
Municipal valuation ...	1,00,000 p.a.
Standard rent ...	80,000 p.a.
Municipal taxes ...	10 % of MRV
Repairs expenses ...	10,000 p.a.
Ground rent ...	5,000 p.a.
Actual rent received :	
First floor unit ...	5,000 p.m.
Second floor unit ...	2,000 p.m.

First floor unit remained vacant for 2 months. Company started the construction of the house in 2007 and completed in the year 2009.

Compute the House property income for the A/Y 2012-13.

(6 × 3 = 18 weightage)

### Part C

*Answer any two questions.  
Each question carries 6 weightage.*

15. Explain the implication of avoidance of double taxation agreements.
16. From the following particulars compute the total income and tax liability of a company for the previous year 2011-12 :—

	Rs.
Income from house property (computed) ...	36,000
Profit from business (before claiming following deductions) ...	2,10,000
Long term capital gain ...	2,00,000
Current year's expenditure on scientific research-amount given	
to a notified Scientific Research Institution ...	40,000
Current year's depreciation allowance ...	50,000

## B/F unabsorbed business losses :

1998-99	...	40,000
2004-05	...	15,000
2008-09	...	20,000

## B/F unabsorbed depreciation allowance :

1998-99	...	24,000
2004-05	...	20,000
2008-09	...	60,000

Interest on securities ... 50,000

17. From the following particulars of Hanuman Ltd. Compute the income tax payable for the A.Y. after considering MAT provisions :

		Rs.			Rs.		
To	Purchases	...	4,35,000	By	Sale of processed goods	...	25,75,000
	Entertainment expenses	...	25,000		Sale of other goods	...	12,15,000
	Travelling expenses	...	71,000		Amount withdrawn from		
	Depreciation	...	6,75,000		general reserve	...	2,00,000
	Income Tax	...	4,01,000				
	Wealth tax	...	12,000				
	Customs duty due	...	21,000				
	Provision for unascertained liability	...	80,000				
	Tax consultation fee	...	25,000				
	Loss from subsidiary Co.	...	37,000				
	Salary to M.D.	...	1,95,000				
	Net profit	...	19,36,000				
			<u>39,90,000</u>				<u>39,90,000</u>



- Value of Plant and Machinery owned by company is Rs. 65,00,000.
- Excise Duty of 2010-11 paid during the year is Rs. 95,600 not debited to the above Profit and Loss Account.
- Depreciation allowable u/s 32 is Rs. 7,35,000.
- Unabsorbed business loss is Rs. 12,20,000 for income tax purposes and for accounting purposes Rs. 10,10,000. Loss is brought forward from Assessment year 2010-11.
- Unabsorbed depreciation for accounting purpose is Rs. 3,45,000.
- For income tax purpose, unabsorbed depreciation is Rs. 18,00,000.
- Out of customs duty due Rs. 21,000, Rs. 10,000 remained unpaid till the last day for filing returns.
- The purchase includes one item of purchase of chemicals wherein Rs. 25,000 was paid in cash under one payment.

(2 × 6 = 12 weightage)