



BRAINWARE UNIVERSITY

Term End Examination 2018 -19

Programme – Master of Business Administration

Course Name – Corporate Taxation & Tax Planning

Course Code – FM301

(Semester – 3)

Time allotted:3 Hours

Full Marks: 70

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group –A

(Multiple Choice Type Question)

10 x 1 = 10

1. *Choose the correct alternative from the following*
 - (i) Agricultural Land in India in rural area is a
 - a. Capital Asset
 - b. Not a capital asset
 - c. Exceptional Asset
 - d. None of the above
 - (ii) PAN is necessary for the following assesses -
 - a. A businessman whose total turnover is Rs.5,00,001
 - b. A charitable trust
 - c. Both of the above
 - d. None of the above
 - (iii) Long term capital loss can only be set off against
 - a. Long term capital gain
 - b. Short term capital gain
 - c. Both of the above
 - d. None of the above
 - (iv) Who will be deemed assessee for a minor?
 - a. Executor
 - b. Guardian
 - c. Agent
 - d. Legal Heir

- (v) Any cost which is proportionately converted “Cost Inflation Index” is termed as
- | | |
|------------------------|------------------------|
| a. Cost | a. Cost of Improvement |
| b. Cost of Acquisition | a. Indexed Cost |
- (vi) “Multiple Tax System” principle comes under
- | | |
|------------------------|-----------------------|
| a. Canon of Expediency | b. Canon of Economy |
| c. Canon of Certainty | d. Canon of Diversity |
- (vii) An Indian Company, controlled and management in USA will be treated as
- | | |
|-----------------|----------------------------|
| a. Non resident | b. Not Ordinarily Resident |
| c. Resident | d. None of the above |
- (viii) Salary received by the manager of a agricultural land is
- | | |
|---------------------------|----------------------|
| a. An agricultural income | b. A business income |
| c. A salary income | d. A capital income |
- (ix) Loss due to fire of Hired Machinery is
- | | |
|-----------------|------------------------|
| a. Capital Loss | b. Capital Expenditure |
| c. Revenue Loss | d. None of the above |
- (x) Who among the following may be “Not ordinarily Resident”?
- | | |
|---------------------|--------|
| a. Partnership Firm | b. AOP |
| c. Company | d. HUF |

Group – B

(Short Answer Type Questions)

3 x 5 = 15

Answer any *three* from the following

- | | |
|--|---|
| 2. What is Defective Return? State the action of Assessing Officer related to the same. | 5 |
| 3. Write a short note on – Domestic Company. | 5 |
| 4. What is House Rent Allowance? Explain its tax treatment & exemptions under section 10(13A). | 5 |
| 5. How the residential status of a company can be determined? | 5 |

6. X company limited sells diamonds for Rs.1050000 on August 9, 2017 (purchased on April 12, 2013 for Rs.302400) & incurs expenses of Rs.3700 on such sale. The company invests Rs.200000 in bonds of NHAI (redeemable after 3 years) on February 6, 2018 & Rs.150000 in bonds of RECL (redeemable after 3 years) on June 8, 2018. Compute the amount of capital gain chargeable for tax for the AY 2018-19.

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Group – C

(Long Answer Type Questions)

3x 15 = 45

Answer any *five* from the following

7. Total Income Computed with the provisions of the Income Tax Act & “Book Profit” of X Co. ltd, a domestic company, for the AY 2017-18 & 2018-19 are given below:

AY	Total Income (Rs)	Book Profit(Rs)
2017-18	235200	1205700
2018-19	(-)138200	512500
Compute the tax liability of the company for the AY 2017-18 & 2018-19.		

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8. K Dev is the owner of two houses at Saltlake, the particulars of which for the year 2017-18 are as follows:

	House I (Let out for residence)	House II (Kept for own residence)
Municipal Value	15000	10000
Municipal Tax	1500	1000
Fair Rent	14400	12000
Rent Received	12000	-
Interest on loan	3600	1500

Compute the Income from House Property of k Dev for the AY2018-19. He along with his family resides at Asansol in a rented house for an employment there in a privae company for the whole ear.

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9. (a) What is Tax Planning? 5
 (b) Briefly explain the Tax planning relating to Corporate Restructuring. 10
10. (a) What is ESOP? What are the varieties of ESOP? 7
 (b) What is Sweat Equity Share? 3
 (c) What are the differences between ESOP & Sweat Equity Shares? 3
 (d) Can 'Sweat Equity be Issued for Free? 2

11. Mr. Dev sharma is employed in a private concern in Delhi. His cash emoluments during the previous year 2017-18 are:

Basic Salary – Rs.12500 per month

DA – Rs.8500 per month (forming part of salary)

Children Education Allowance- Rs.250 per month per child for two children

Commission – Rs.500 per month

He is provided with a rent free accommodation in Delhi with a TV & a geyser costing Rs. 20000 & Rs. 8500 respectively.

Determine the value of perquisite in respect of rent free furnished accommodation for the AY year 2018-19 if :

- The accommodation is owned by the employer the fair rent of which is Rs.3500 per month.
- The accommodation is taken on hire by the employer at a rent of Rs. 2000 per month.

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