

C 41909

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Name.....

Reg. No.....

**FOURTH SEMESTER M.Com. DEGREE (REGULAR/SUPPLEMENTARY)
EXAMINATION, APRIL 2023**

(CBCSS)

M.Com.

MCM4C15—INCOME TAX LAW, PRACTICE AND TAX PLANNING - II
(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

Part A

*Answer any four questions.
Each question carries 2 weightage.*

1. Explain the tax incidence of a Partnership firm.
2. What is Amalgamation and Demerger ?
3. Point out the elements to be covered in Tax Management.
4. What is the different type of trust ?
5. Discuss the different types of merger and amalgamation.
6. What are the objectives of Tax Planning ?
7. A non-resident Indian acquired shares on 01.02.2009 for Rs. 2,00,000 in foreign currency. These shares are sold by him on 01.02.2021 for Rs. 6,00,000. He invests Rs. 6,00,000 in shares on 31.03.2021 and these shares are sold by him on 30.06.2021 for Rs. 7,00,000. Discuss the tax implications.

(4 × 2 = 8 weightage)

Part B

*Answer any four questions.
Each question carries 3 weightage.*

8. Explain repair, replacement and renovation of an asset.
9. Explain the deductions in respect of profits and gains by an undertaking or enterprise engaged in development of special economic zone [sec. 80IAB].
10. XYZ LLP is being liquidated. Examine the liability of its partners in respect of its tax dues.
11. Write a note on "Tax incentives to amalgamated company".

Turn over

12. In the previous year 2021-22, a Charitable trust derived an income of Rs. 4,00,000 from property held for charitable purpose, including Rs. 25,000 by way of tax deducted from a part of income at source. During the year, the trust spent Rs. 2,20,000 for charitable purposes. Compute taxable income.
13. The net profit of Y Ltd, an Indian company, as per its profit and loss account prepared as per Income Tax Act, 1961 is Rs. 90,00,000 after adjusting the following :

Particulars

Provision for income-tax

Provisions for deferred tax

Proposed dividend

Depreciation including depreciation on

revaluation of assets Rs. 20,00,000 debited to profit and loss account

Profit from industrial unit in SEZ area

Provision for permanent diminution in the value of investments

Compute tax liability under section 115JB for the assessment year 2022-23.

14. The directors of a Domestic Company, whose existing capital is Rs. 1 crore all in equity, propose to expand its business for which an additional investment of Rs. 50 lakh would be required. The entire money can be raised either by issue of Equity shares or by issue of 10% Debentures. They decide in favour of issue of Equity shares.

As a tax consultant do you approve the proposal? Assume the rate of return is 20% and income tax is 26% including cess.

(4 × 3 = 12 weightage)

Part C

Answer any **two** questions.
Each question carries 5 weightage.

15. Evaluate Tax Management is essential, tax planning is desirable and tax evasion is objectionable.
16. A domestic company submits the following particulars of its income for the previous year ended on 31 March 2022.
- | | Rs. |
|---|----------|
| 1 Profits of business after deduction of donations to approved charitable institution section 80G | 4,00,000 |
| 2 Donation to charitable institution by cheque | 50,000 |

3 Interest on Government securities	20,000
4 Dividend from domestic company (Gross)	60,000
5 Long Term Capital Gain	1,00,000
6 Book Profits u/s 115JB	10,00,000

During the financial year 2020-2021 the company deposited 50,000 in IDBI. The company distributed a dividend of Rs. 1,00,000 on 06/09/2021. Compute the taxable income of the company and tax payable by it for AY 2022-2023.

17. ABC Ltd. proposes to sell one-unit XYZ which was set up in 2010 (out of 10 units) and is not related to company's main line of business. Total consideration for sale of XYZ unit as a going concern by way of slump sale is Rs. 3,50,000. The summarized financial position of XYZ unit as on 31 st January, 2022 (Date of Sale) is as under :

Capital and Liabilities	Amount Rs	Assets	Amount Rs.
Paid up capital	50,000	Fixed assets	70,000
General Reserve	40,000	Debtors	40,000
Revaluation Reserve	30,000	Inventories	40,000
Current liabilities	30,000		
	<u>1,50,000</u>		<u>1,50,000</u>

Additional information as under :

- 1 Fixed assets include Land purchased at Rs. 5,000 in May, 2013 revalued at Rs. 50,000.
- 2 For the remaining fixed assets, their written down value as per the Income-tax Act, 1961 is Rs. 10,000. Compute the capital gain arising on sale of XYZ unit of ABC Ltd.

Turn over

18. Compute the assessable income of Right Ltd. Based on the undermentioned particulars relating to the year ended 31/3/2022.

- 1 Net profit without adjustments for following :
 - 2 Allowable depreciation for the year (including that on roads drive-ways and compound wall Rs. 5000)
 - 3 Brokerage for obtaining a loan of Rs 10 lakh
 - 4 Propaganda to prevent seizure of business by Govt.
 - 5 Legal expense for evicting squatters who took illegal possession of a part of the factory
 - 6 Entertainment expenses
 - 7 Forfeiture of the security deposit paid to a customer for non-fulfilment of contract
- (2 × 5 = 10 marks)