

2012**M. Com.****3rd Semester Examination****CORPORATE DIRECT TAXES****PAPER — COM-302***Full Marks : 50**Time : 2 Hours*

The figures in the right-hand margin indicate full marks.

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

Illustrate the answers wherever necessary.

Unit—I**[Marks : 20]**

1. Answer any two of the following : 5×2
- (a) Write a short note on residential status of companies.
 - (b) Write down the provisions relating to deduction in respect of Section 80D relating to medical insurance premium.
 - (c) Discuss any two cases where business loss can be carried forward even after eight years.
 - (d) The following information about Mr. Surya Mitra (aged 35 years) for the previous year 2011-12 is given below :

(Turn Over)

	Rs.
Salary	5,80,000
Short-term capital gain	25,000
Long-term capital loss	2,500
Bought forward short-term loss (relating to the previous year 2006-07)	3,600
Income from House Property :	
- House A	44,400
- House B	75,000
- Loss relating to the previous year 2003-04 (return of loss was not filed in that year)	12,000
Income from lottery	28,700
Loss from agriculture	10,500
Determine the gross total income of Mr. Mitra.	

2. Answer any one of the following : 10×1

(a) MNP Ltd., a textile manufacturing company gives the following information from the Profit and Loss Account for the previous year 2011-12 :

Credit side :	Rs.
Sales	18,00,000
Long-term capital gain	2,50,000
Transfer from the Revaluation Reserve	1,25,000
<i>Debit side :</i>	
Salaries and wages	2,80,000
Depreciation : Normal	40,000
: Revaluation	15,000

(Contd.)

	Rs.
Customs duty paid	35,000
Provision for loss of subsidiary Q	20,000
Wealth Tax	1,40,000
Income Tax	1,25,000
Proposed dividend	45,000

Additional information :

There is a brought forward business loss relating to the year 2008-09 of Rs. 38,000 and short-term capital loss carried forward from 2004-05 of Rs. 12,345.

You are required to calculate the tax liability of the company

- (b) Mrs. Anamika Ghosal gives you the following information for the assessment year 2012-13 :

	Rs.
Income from salaries	7,50,000
Loss from House property	25,000
Short-term capital loss :	
Relating to the current year	35,000
Relating to the previous year 2009-10	5,000
Relating to the previous year 2010-11 (belated return of loss was filed)	8,800
Long-term capital gains	25,000
Winning from lotteries	5,000
Bank interest	4,500

(Contd.)

The following payments relate to the expenditure/ investment during the year—

	Rs.
Repayment of loan taken from PPF	10,000
Three year fixed deposit with UCO Bank	20,000
Deposit in a PPF Account opened in the name of her married daughter (Aged 25 years)	25,000
Contribution to a notified Pension Fund of UTI	17,500
Tuition fees paid which includes :	
Donation during admission to Nursery	27,000
Yearly fees	12,000
Notified bonds of infrastructure company	10,000
Premium on life insurance policy taken on the life of her married daughter	8,000
Payment in respect of medical treatment of her non-resident mother (aged 62 years)	18,900

You are required to compute the tax liability of the assessee.

Unit—II**[Marks : 20]**

3. Answer any two of the following : 5×2

(a) Expansion Ltd. is planning to expand its operations during the year 2011-12. The cost of the machine having (life of seven years) that it intends to buy costs Rs. 5,00,000. It is mentioned that the depreciation rate on the asset is 10% on WDV basis. For its purchase, it has two options :

- Purchase using 100% of its own funds, or
- Procure 60% of the necessary funds from a bank at an interest rate of 18% for a period of seven years and the rest contributing on its own.

The cost of capital of the company is 15% and the corporate tax rate is 30%.

As a tax planner, which option do you think would be better for the company?

(b) Write a short note on Best Judgement Assessment.

(c) Discuss in brief the provisions relating to tax deduction at source from :

- (i) Lottery winnings; and
- (ii) Winnings from horse race.

- (d) On 15th July, 2012, Mr. Uttam Gupta makes calculations about his income, interest etc. He requests you to compute the self-assessment tax that he is required to pay by the 31st of July of the assessment year 2012-13 on the basis of information given below :

	Rs.
Gross total income (including salary of Rs. 4,50,000 and the balance as lottery income)	4,90,000
Deductions under section 80C	35,000
Interest : U/S 234B	1,560
: U/S 234C	2,200
Advance tax paid :	
Within 15.3.12	15,000
On 25.3.12	2,500

What will be the consequences if less amount is paid by the assessee ?

3+2

4. Answer any one of the following : 10×1

(a) (i) Write down the provisions relating to advance tax.

(ii) Enjoy Ltd., an Indian Tour Operator estimates its income to be Rs. 6,50,000 at the beginning of the

previous year 2011-12. After the payment of first two instalments, in the beginning of October, it found a sudden rise in the booking before the Durga Puja as a result of which it revised its income to Rs. 7,50,000. In the month of January next year, it earned a long-term capital gain of Rs. 45,000

In this circumstance, you are required to calculate the advance tax instalments that it is required to pay during the previous year?

4+6

- (b) (i) Sunshine Ltd. gives you the following information relevant for the assessment year 2012-13 :

	Rs.
Business Income	6,78,000
Long-term capital gain (on 5th September, 2011)	25,000
Short-term capital loss (on 21st December, 2011)	5,000
Lottery income (on which tax is correctly deducted at source) (on 15th January, 2012)	1,00,000

You are required to compute the minimum amount to be paid by the company in each instalment so that no interest is imposed U/S 234C.

- (ii) Write a brief note on the provisions relating to interest under section 234B.

7+3

[Internal Assessment : 10 Marks]
