

ST. JOSEPH'S COLLEGE (AUTONOMOUS) BENGALURU-27
MID SEMESTER EXAMINATION- August 2019
B.COM - V Semester
BCDEA 5516: CORPORATE TAX PLANNING

TIME: 1 Hour

MAX. MARKS: 30 Marks

SECTION A

Answer any FIVE of the following questions. Each question carries two marks. (5x2=10)

1. From the following information compute admissible amount of preliminary expenses as per section 35D.
 - a. Cost of project is Rs. 50,00,000
 - b. Actual preliminary expenses are Rs. 25,00,000.
2. Mention whether the following expenses are admissible or not while computing business income as per the provisions of section 28 to 44D.
 - a. One of the competitors copied the trademark and therefore the assessee incurred expenses Rs. 50,000 on filing a case for infringement.
 - b. A company sent its R&D manager to Germany to procure a latest machine for manufacturing operations. In this context travelling expense of Rs. 1,00,000 was incurred.
3. As per Section 32(1)(iia) what are the conditions for claiming additional depreciation
4. Who can claim deduction under section 80-IAB?
5. State any two cases in which provisions of section 79 is not application
6. What is set-off and carry forward of losses?
7. Name any two specified businesses mentioned in section 35AD

SECTION B

Answer any TWO of the following questions. Each question carries five marks. (2x5=10)

8. Reliance Limited is drug manufacturing company, during the previous it had incurred the following expenditure on scientific research:
 - a. Expenditure incurred on setting up scientific research laboratory to develop generic drugs Rs. 22,00,000
 - b. Rs. 10,00,000 was spent to acquire land for the purpose scientific experiments
 - c. Contribution to an Indian company for carrying out scientific research Rs. 5,00,000
 - d. Amount paid to Central University to carry out research in social sciences Rs. 2,50,000
 - e. Amount paid to National laboratory to carryout scientific research Rs. 5,00,000From the above information compute admissible amount of deduction as per section 35.
9. ABC Ltd is a manufacturing concern, it furnishes the following particulars.
WDV of plant and machinery as on 1st April, 2017 is Rs. 30,00,000. New plant and machinery were purchased and put to use on 8th June 2017 Rs.20,00,000. Further a new plant and machinery was acquired and put to use on 15th December 2017 costing Rs.8,00,000. Computer purchased and installed in Office premises on 2nd January 2018 Rs.3,00,000. The depreciation rate in case of Plant and Machinery is 15% and for computer it is 60%. Calculate Depreciation chargeable for the Assessment Year 2018-2019.

10. ABC Pvt. Ltd. is a company incorporated on 01.04.2011, and the only capital issued is in the form of equity shares. The shares are held throughout by A, B and C, equally. The company has made losses/ profits in the past as under and these have been accepted by the tax department on assessment:

Assessment Year	Loss	Unabsorbed Depreciation	Total
2012-13	NIL	10,00,000	10,00,000
2013-14	NIL	8,00,000	8,00,000
2014-15	4,50,000	7,50,000	12,00,000

During the previous year ended 31.03.2015, A transferred his shares to P and during the previous year ended 31.03.2016, B transferred his shares to Q. During the year ended 31.03.2015, the company made a profit of Rs.10,00,000 (before charging depreciation of Rs. 6,00,000) and during the year ended 31.03.2016, a profit of Rs. 30,00,000 (before charging depreciation of Rs. 5,00,000). Compute taxable income of the company with proper working for the assessment year 2016-17.

SECTION C

Answer the following compulsory question. The question carries ten marks. (1x10=10)

11. Following is the Profit and Loss Account of South Star corporation for the year ending 31-3-2020.

DEBITS	AMT	CREDITS	AMT
Opening stock	1,60,000	Sales	8,00,000
Purchases	5,60,000	Commission	50,000
Wages	50,000	Fee from sale of import license	20,000
Salaries	40,000	Closing stock	1,80,000
Bad debts	1,500		
Rent	10,000		
Interest paid to creditors	10,000		
General charges	15,000		
Income-tax	25,000		
Legal charges	8,000		
GST	2,500		
Staff welfare expenses	8,000		
Depreciation	30,000		
Bad debt reserve	5,000		
Net profit	1,25,000		
	10,50,000		10,50,000

Following information was detected from the scrutiny of the accounts:

- Travelling expenses of Rs. 6,000 were spent on a tour to the Srilanka to promote business, which is included in general, charges.
- Legal charges include:
 - Penalty paid for violation of custom rules Rs. 4,500.
 - Legal expenses include Rs. 2,500 paid to a chartered accountant for conducting income-tax appeal
- Staff welfare expenses include Rs. 5,000 being cost of water purifier (dep. 10%) installed for use by company.
- Opening stock is valued 10% below cost and closing stock is valued 10% above cost.