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ST. JOSEPH'S COLLEGE (AUTONOMOUS), BANGALORE-27
M.COM - III SEMESTER
SEMESTER EXAMINATION: OCTOBER 2019
MCODEA9418: CORPORATE TAXATION

Time- 2 1/2 hrs

Max Marks-70

This paper contains 4 printed pages and four parts

SECTION A

Answer any TEN of the following. Each question carries two marks. (10x2=20)

1. Define a company under section 2(17) on the income Tax Act.
2. What is the basis of incidence of tax for a company?
3. Give the treatment of unabsorbed depreciation.
4. What are the conditions for additional depreciation?
5. Mention the provisions for deduction in respect of profits and gains from the business of processing of biodegradable waste.
6. Give two exceptions to the conditions of Section 79.
7. What is the purpose of MAT?
8. Give two cases of non-applicability of the provisions of Section 115 JB.
9. What is meant by slump sale?
10. Mention two tax incentives to demerged company.
11. What is "block of assets"?
12. Who is a person with substantial interest in a business or profession?

SECTION B

Answer any THREE of the following. Each question carries five marks. (3x5=15)

13. State the procedure for determining residential status of a company
14. Compute admissible amount of depreciation u/s 32, from the following information for AY 2019-20.
 1. Building A bought on March 1, 2018 for Rs. 3,00,000 and put to use on March 31, 2019 (Rate of depreciation: 10%).
 2. Building B bought on August 1, 2018 for Rs. 4,00,000 and put to use on March 10, 2019 (Rate of depreciation: 10%).
 3. Building C bought on September 10, 2018 for Rs. 5,00,000 and put to use on August 15, 2019 (Rate of depreciation: 10%).

15. The Net Profit of X Company Ltd., as per profit and loss account for the year ended 31.03.2018 is Rs. 17,50,000. From the following information calculate the Book-Profit of the Company under section 115JB for the assessment year 2018-19:

The following amounts are found debited to profit and loss account:

	(Rs.)
Excise Duty	1,50,000
Provision for Unascertained Liability	1,00,000
Loss of Subsidiary Company	2,00,000
Provision for Income Tax	2,55,000
Proposed Dividend	9,95,000

The following amount is found credited to profit and loss account:

General Reserve (withdrawal)	5,00,000
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Additional information: Unabsorbed losses/ allowances brought forward from past year as per books of accounts prepared under Companies Act are as follows:

	(Rs.)
Unabsorbed Business Loss (excluding depreciation)	2,65,000
Unabsorbed Depreciation	3,50,000

16.A started a unit in 2013. The Balance Sheet of the unit on 31.03.2017 is as under:

Liabilities	₹	Assets	₹
Creditors	2,50,000	Debtors	2,00,000
Bills Payable	1,50,000	Stock	2,50,000
Revaluation Reserve	6,00,000	Bills Receivable	50,000
Capital	13,00,000	Plant and Machinery (WDV)	3,00,000
		Building (WDV)	5,00,000
		Land(purchased on 1.6.2014)	10,00,000
	23,00,000		23,00,000

Other information: a. Land was revalued in 2015 and the amount was credited to Revaluation Reserve Account. b. Sold the unit on 01.05.2017 for lump-sum consideration of Rs. 20,00,000. Compute the capital gains in slump sale.

17. Flip Cart Limited provides the following information pertaining to its incomes and deductions for the previous year ending 31-03-2019.

Particulars	Amount
Income from specified business	34,00,000
Loss from manufacturing business	(6,00,000)
Short term capital loss from sale of machinery	(1,00,000)
Short term capital gain from sale of shares (Subject to STT)	1,00,000
Casual Income	2,00,000
Long term capital gain	5,00,000
Deductions claimed	
U/S 80GGB Donation to AamAadmi Party	1,00,000
U/S 80G donation Clean Ganga Fund	2,00,000

You are required to calculate:

- Gross Total Income (section 45) and
- Total Income (section 5)

SECTION C

Answer any TWO of the following. Each question carries ten marks. (2x10=20)

18. X owns a block of assets (consisting of plants A and B, depreciation rate is 15%). On April 1, 2018, WDV of block of assets is Rs. 10,40,000. On July 7, 2018, block of assets is transferred to Y by X in a scheme of amalgamation for Rs. 30,70,000. Find out tax consequences in case X is an amalgamating company and Y is an Indian amalgamated company and the block of assets is transferred by X to Y in scheme of amalgamation. Y does not own any other asset.

19. Reliance company Ltd. Is an Indian company. It furnished the following particulars of its income for the P.Y. ended 31.03.2019. Compute the total income for A.Y. 2019-20.

- a. Business income ₹4200000
- b. Dividends from: Domestic company(gross) ₹200000
A foreign company ₹150000
- c. STCG ₹250000
- d. LTCG ₹700000

Additional information:

The following amounts have been deducted to arrive at the business income:

- (a) ₹5000 revenue expenditure and ₹20000 capital expenditure for family planning programme amongst employees.
- (b) Donation to B.R. Ambedkar University, Agra ₹30000 by cheque; Dev Mata trust (approved) ₹70000 b cheque and Rajiv Gandhi Foundation ₹5000 by cheque.

20. A. On April 1, 2018, X and his wife purchased all the shares of a private limited company. Up to March 31, 2018, the company had accumulated business losses of Rs. 5,00,000 and unabsorbed depreciation amounting to Rs. 3,00,000. For the previous year 2018-19, the profits of business are computed at Rs. 4,50,000. Would the company be entitled to carryforward and set-off the past accumulated losses and unabsorbed depreciation?

B. Give a brief appraisal of the Finance Act, 2019 with respect to corporate taxation.

SECTION D

Answer the following compulsory question. The question carries fifteen marks. (1x15=15)

21. From the following information compute the tax liability of 'X' Ltd. As per Income tax for the A.Y.2019-20:

Profit and Loss Account

Particulars	Rs. (00,000)	Particulars	Rs. (00,000)
Salary and wages	7.50	Sales	48.00
Postage and Telegrams	0.40	Amount withdrawn from general reserve	3.00
Travelling and Conveyance	0.50		
Depreciation	5.00		

Income Tax	4.10		
Excise duty due	1.00		
Provision for future losses	0.60		
Proposed dividend	0.80		
Loss of subsidiary company	0.50		
Audit fee	0.35		
Director remuneration	8.00		
Deferred tax	1.35		
Net Profit	21.00		
	51.00		51.00

Other information:

For tax purposes, the company provides the following information:

- Excise duty due on 31.03.2019 was paid on 02.12.2018.
- Custom duty of Rs. 1,20,000 which was due on 31.03.2017 was paid during the FY 2018-19
- Depreciation under section 32 is Rs. 11,43,000.
- The company wants to set-off the following losses/ allowances:

	For Tax purposes	For Accounting Purposes
B/F Loss of assessment year 2018-19	12,00,000	10,00,000
Unabsorbed Depreciation	3,00,000	3,00,000

Compute book profits and tax payable under section 115JB and final tax liability.