

END TERM EXAMINATION

FIFTH SEMESTER [BCOM(HONS)] JANUARY 2024

Paper Code: BCOM-301 Subject: Corporate Taxation

Time: 3 Hours Maximum Marks: 75

Note: Attempt five questions in all including Q.No 1 which is compulsory.

Q6 X Ltd. an Indian company, is a subsidiary company of Y Inc., a company registered in the Netherlands. It purchases raw materials from Y Inc. Purchase price of raw materials determined under CUP method (being the most appropriate method) for the previous year 2021-22 are Rs. 9,700, Rs. 10,000, Rs. 10,100, and Rs. 10,300 per unit. X Ltd., however, pays to Y Inc. Rs. 1,04,50,000 (i.e., 950 units at the rate of Rs. 11,000 per unit). Net profit as per statement of profit and loss for the year ending March 31, 2022 is Rs. 9,40,000. Determine arm's length price and net income of X Ltd. for the assessment year 2022-23. X Ltd. is not a wholesale trader. (15)

Q7 What do you mean by tax planning with reference to specific management decisions? Discuss advantages and disadvantages of make and buy decisions. Also discuss disadvantages of lease finance. (15)

Q8 Write short notes on any three: (3x5= 15)
 a) Difference between merger and acquisition
 b) Tax concessions to amalgamated company (any two)
 c) Five heads of income
 d) Undisclosed income and investments

- Q1 Answer any five from the following: (5x3=15)
- a) Difference between Minimum Alternative Tax and Alternative Minimum Tax
 - b) Any three types of incomes exempt from tax
 - c) Deemed profits
 - d) TDS and TCS
 - e) Double Taxation Avoidance Agreement
 - f) Advance payment of Tax
 - g) Difference between tax evasion and tax avoidance
 - h) Dividend tax

Q2 What do you mean by tax planning? What are different types of tax planning in India? Differentiate between tax planning and tax management. (15)

Q3 Mr. Naveen and Sudheer propose to set up a business either as a Partnership or as a Private Limited Company. Mr. Naveen has invested Rs. 10,00,000 while Mr. Sudheer has also invested Rs. 10,00,000. Interest on capital is to be provided @ 12% per annum. As per the current financial report, their firm earned profits of Rs. 18,00,000. Both will also be provided remuneration of Rs. 15,000 per month. Advise them with appropriate working about the form of organization they should choose from the point of view of tax implications involved in each case, assuming that they have no income other than from the proposed business. The tax rate for the company is 22%. Show your calculations. (15)

- Q4 a) The book profits of a company for the assessment year 2023-24 are Rs.10,00,000 whereas its total income (including STCG of Rs.1,60,000 referred to in section 111A) as per provision of income tax Act is Rs. 4,00,000. Calculate tax payable by the company assuming tax rate 30%. (5)
 b) Taxable income of a company (whose normal rate of tax is 30%) is Rs. 48,00,000 and book profit is Rs.1,01,00,000. Calculate tax payable by the company. (10)

Q5 Explain different types of deductions from gross total income. (15)

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