

BND TERM EXAMINATION

FIFTH SEMESTER (BCOM(HONS)) DECEMBER 2024

Paper Code: BCOM301

Subject: Corporate Taxation

Time: 03:00 Hours

Maximum Marks:75

Note: Attempt all questions as directed. Internal choice is indicated.

Q1 Attempt any five of the following questions: (5x5=25)

- a) Presumptive Basis of Taxation u/s 44AD
- b) Deemed Profits
- c) Expenditure on Scientific Research
- d) Tax Deducted at Source (TDS) on Salary
- e) Advance Payment of Tax
- f) Self Assessment u/s 140A
- g) Tax Evasion
- h) Compulsory Maintenance of Books of Account u/s 44AA

Q2 What do you mean by the term Transfer Pricing? Explain the meaning of Associated Enterprises & International Transactions. Explain briefly different methods for computation of Arm Length Pricing. (12.5)

OR

Q3 Sony Japan and Y Ltd., an Indian company are associated enterprises. Y Ltd. manufactures Mobile phones and sells them to Sony Japan and L.G. Korea. During the year Y Ltd. supplied 1,20,000 mobile phones to Sony Japan at a price of Rs. 2000 per unit and 20,000 units to L.G. Korea at a price of 3,200 per unit. The transactions of Y Ltd. with Sony and L.G. are comparable subject to the following differences:

- i) While sales to Sony is on FOB basis, sales to L.G. are CIF basis. The freight and insurance paid by Sony for each unit is Rs. 300.
 - ii) The sales to L.G. are under a free warranty for 1 year whereas sales to Sony are without such warranty. The estimated cost of executing such warranty may be taken at Rs. 350.
 - iii) Sony placed large orders and as such Y Ltd. offered a quantity discount of Rs. 50 per unit to Sony.
- Compute the arm's length price and the amount of increase in the total income of Y Ltd, if any, due to such arm's length price. (12.5)

Q4 Explain the terms - Tax Planning, Tax Management and Tax Evasion. Differentiate between tax Planning and Tax Evasion. Specify with reason whether the following act to be considered as Tax Planning, Tax Management and Tax Evasion - XYZ Ltd. issued a credit note for Rs. 80,000 as brokerage payable to Mr. Ram who is the son of the Managing Director of the company. The purpose is to increase the total income of Mr. Ram from Rs.4,00,000 to Rs.4,80,000 and reduce the income of RR Ltd. Correspondingly. (12.5)

OR

Q5 What do you understand by the term Double Taxation Avoidance Agreement? What are its benefits. What are the reliefs availed under DTAA. Explain both kinds of reliefs. (12.5)

P.T.O.

Q6 ABC Ltd is a domestic Company having total turnover of Rs. 4,80,00,000 during the Previous Year 2023-24. Its taxable income as per the regular provisions of Income Tax is Rs.1,01,00,000 and book profits as per Section 115JB is Rs. 1,06,00,000. Compute the tax payable by applying MAT provisions. Explain in detail provisions related to MAT. (12.5)

OR

Q7 Explain the meaning of Assessment Procedure. Explain in detail different kinds of Assessments. What are the remedies available against the order of Assessing officer? (12.5)

Q8 X Ltd. is a manufacturing company. On April 1, 2023, it owns Plant A and Plant B (rate of depreciation 15 per cent) Depreciated value of the block on April 1, 2023 is Rs. 8,00,000. Plant B is transferred on October 15, 2023 for Rs. 26,00,000. Expenditure on transfer of Plant B is Rs. 24,000. Plant C is purchased on March 10, 2024 for Rs. 20,00,000. However, Plant C is put to use for the first time on September 2, 2024. Business income of X Ltd. before claiming any depreciation is Rs. 12,00,000.

On March 1, 2024, X Ltd. transfers 900 equity shares in A Ltd. (unlisted) for Rs. 23,50,000. X Ltd. does not own any residential house property. These shares were purchased on February 2, 2023 for Rs. 2,00,000. To avail of the benefit of exemption under different sections, it makes the following investments on May 1, 2024 -

1. A residential house property at Kolkata for the residence of general manager of X Ltd. : Rs. 21,15,000 (out of which stamp duty expenditure is Rs. 30,000).
2. NHAI bonds : Rs. 3,00,000.

Find out the net income of X Ltd. for the assessment year 2024-25. (12.5)

OR

Q9 Explain Make or Buy Decision in respect of Tax Planning. What are the factors to be considered which may affect this decision? Explain briefly the tax considerations while establishing a new unit. (12.5)

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