



**K16P 0220**

Reg. No. : .....

Name : .....

**Fourth Semester M.Com. Degree (Regular/Supplementary/Improvement)**

**Examination, March 2016**

**(2014 Admn.)**

**Elective – A : Finance**

**COM 4E04 : CORPORATE TAX PLANNING AND MANAGEMENT**

Time : 3 Hours

Max. Marks : 60

**SECTION – A**

Answer **any four** (1 mark to Part a, 3 marks to Part b and 5 marks to Part c.

1. a) What do you understand by 'pay as you earn' scheme ?  
b) State the procedure for claiming refund.  
c) Explain the different modes of recovery.
2. a) What is book profit ?  
b) How will you treat firm's losses ?  
c) X, Y and Z are partners of a firm with equal shares. The P & L A/c for the year ended 31-3-2014 shows a net profit of ₹ 2,80,000 after debiting ₹ 7,000 for interest paid to X at 20%; ₹ 60,000 for salary paid to Y and ₹ 44,000 for rent of the business premises paid to Z. Compute the book profit of the firm. The firm fulfills the condition of Sec. 184.
3. a) What is tax planning ?  
b) Distinguish between tax avoidance and tax evasion.  
c) Explain the objective of tax planning.



4. a) What is PAN ?  
 b) What are the cases where PAN is compulsory ?  
 c) From the following information compute the interest payable by an individual U/s 234 A.

Assessment year 2014 – 15

Date of filing the return 20-1-2015

Return due on 30-7-2014

Tax deducted under source ₹ 5,000

Tax paid in advance ₹ 15,000

Tax paid on self assessment ₹ 2,000

Tax payable on the basis of assessed income ₹ 25,180

5. a) What you mean by 'return' ?  
 b) What is exparte assessment ?  
 c) Explain the consequences of exparte assessment.
6. a) What is tax management ?  
 b) What are the matters covered under tax management ?  
 c) Distinguish between tax planning and tax management.

#### SECTION – B

7. Following are the income of a domestic company for the year ending on 31<sup>st</sup> March 2014.

i) Business profit (including export undertaking profit ₹ 1,72,000)	4,20,000
ii) Dividend from an Indian Public Sector company (gross)	10,000
iii) Dividend income from an Indian Company whose 80% income is agricultural income (gross)	9,000





iv) Income from mutual fund (gross)	5,000
v) Royalty received from a foreign concern for providing technical knowledge	16,000
vi) Fee from Indian Company for technical advise	12,000
vii) Dividend from a foreign company	8,000
viii) Company has donated to National Rural Development fund during the previous year	8,800

Compute the total income of the company to the assessment year 2014 – 15.  
Find out gross tax liability if the book profit of the company is ₹ 7,00,000  
U/s 115JB.

OR

The total income of an association of persons in which A, B and C are members, sharing profits and loss in the ratio of 1 : 2 : 2 was assessed at ₹ 16,000. In computing the total income of ₹ 16,000 the A.O. has made the necessary adjustment in respect of the following sums.

- Salaries of ₹ 6,000 and ₹ 4,000 to A and B respectively.
- Interest on capital of ₹ 7,000, ₹ 10,000 and ₹ 25,000 to A, B and C.
- Commission of ₹ 1,000, ₹ 3,500 and ₹ 4,500 to A, B and C.
- Bonus of ₹ 1,000, ₹ 1,500 and ₹ 2,500 to A, B and C respectively.

C has borrowed capital for investment in the AOP and had paid interest of ₹ 15,000 separately to the lender. Member do not have any other income.

Allocate the income amongst the member.

8. A, B and C are partners in a firm sharing profit and losses equally. The firm in the previous year has incurred a net loss of ₹ 75,000 after deduction of following :
- Interest on capital @ 20% : A – ₹ 8,000; B – ₹ 7,000; C – ₹ 9,000
  - Salary to A, B and C ₹ 20,000 each.
  - Bonus to A and B ₹ 10,000 each.
  - Commission to C ₹ 5,000



- v) Donation to P.M. drought relief fund ₹ 10,000
- vi) Depreciation on assets ₹ 50,000 (allowed ₹ 60,000)
- vii) Income tax ₹ 5,000
- viii) Sales tax ₹ 50,000
- ix) General reserve ₹ 15,000
- x) The Profit and Loss Account includes the following income :
  - a) Capital gain
    - Long term ₹ 10,000
    - Short term ₹ 10,000
  - b) Expand earnings ₹ 50,000

Compute the taxable income of the firm. Firm fulfill the condition U/s 184.

OR

Trivandrum Co-operative Society has the following income earned during the year 2014 – 15.

- 1) Dividend from Indian companies ₹ 10,000
- 2) Agricultural income ₹ 25,000
- 3) Income from sale of agricultural implements to member ₹ 15,000
- 4) Profit of general share owned by the society ₹ 1,15,000
- 5) Interest from a nearby Co-operative Society ₹ 20,000
- 6) Rent from a building let out to a Co-operative Bank ₹ 60,000
- 7) Dividend from the nearby Co-operative Society ₹ 6,000
- 8) Interest on securities ₹ 6,000
- 9) The society sold in February 2015 for a price of ₹ 8,00,000 a piece of land purchased six year back (The indexed cost of acquisition of the plot was ₹ 5,00,000)

During the year the society donated ₹ 40,000 towards Prime Minister's Relief Fund.

Ascertain the total income and tax liability for the year.

(12×2=24)