

Roll No.

Subject Code—854-X

M. Com. (Part II) EXAMINATION

Optional Group—I (Finance)

MC-205(F)

CORPORATE TAXATION

Time : 3 Hours

Maximum Marks : 100

Note : Attempt *Five* questions in all. Q. No. 1 is compulsory. All questions carry equal marks.

1. Explain the following :

- (a) Gross Total Income
- (b) Annual Value
- (c) Tax Evasion
- (d) Deduction U/S 80G
- (e) Residential Status of HUF
- (f) Agriculture Income

- (g) Advance Payment of Tax
 - (h) Tax Free Perquisites
 - (i) Capital Expenditure and Revenue Expenditure
 - (j) Differentiate between set-off and carry forward of losses.
2. Write a detailed note on determination of residential status of an individual and also explain how residential status affects tax liability.
 3. Explain the expenses which are expressly allowed and disallowed under the head Profits and Gains of Business or Profession.
 4. Compute the tax liability of Mr. Rakesh for the assessment year 2007-08 from the following :

	Rs.
(a) Net Income under the head Salary	1,50,000
(b) Net Income computed under the head income from House and Property	2,00,000

(c) Income from business before adjusting the following	1,00,000
(i) Carry forward Business loss	80,000
(ii) Current Depreciation	50,000
(iii) Carried forward unabsorbed Depreciation	1,75,000
(d) Short-term Capital Gains—Jewellery	2,60,000
(e) Long-term Capital Loss—Shares	45,000
(f) Long-term Capital gain—Debentures	2,00,000
(g) Dividend on shares of Indian Co.	20,000
(h) Dividend from Indian Co. carrying on agricultural operation	18,000
(i) Income from growing and manufacturing coffee (Cured and Roasted)	1,05,000

During the previous year, the assessee has donated Rs. 55,000 to an approved local authority for the promotion of family planning and purchase NSC for Rs. 1,00,000.

5. (a) Explain the procedure and types of assessment in detail.
- (b) Explain the procedure of filing appeal to Commissioner.

6. (a) Explain the procedure for obtaining refund of Tax.
(b) Mention the Income Tax Authorities.
7. Mr. Ramparkash has assets as under :
- (a) Land in rural area Rs. 25 lakh and one house lying vacant Rs. 5 lakh.
 - (b) One personal motor car Rs. 5 lakh.
 - (c) Precious metals and stones Rs. 9 lakh.
 - (d) One Industrial Plot purchased on 01.10.2006 for Rs. 20 lakh lying unused.
 - (e) One house in urban area valued Rs. 25 lakh lying vacant and there is a liability of Rs. 22 lakh against this.
 - (f) Agricultural land in Delhi valued Rs. 10 lakh.
 - (g) Shares and debentures Rs. 7 lakh but there is a loan outstanding Rs. 5 lakh.
 - (h) Agricultural equipments Rs. 3 lakh and standing crop Rs. 2 lakh.
 - (i) Two horses, one for horse riding and one for horse race Rs. 2 lakh each.

- (j) Cash in hand Rs. 2,36,000.
- (k) One commercial plot valued Rs. 57 lakh purchased on 31.03.2007.

Compute his tax liability for assessment year 2007-08:

8. Write detailed notes on any *two* of the following :
- (a) Tax Planning
 - (b) Maintenance of Records
 - (c) Valuation of Taxable Services.

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Roll No.

Subject Code—2147

M. Com. (Part II) EXAMINATION

Opt. Group-I (Finance)

MC-205-F

CORPORATE TAXATION

Time : 3 Hours

Maximum Marks : 100

Note : Attempt *Five* questions in all. Q. No. 1 is compulsory. All questions carry equal marks.

1. (a) Name any *four* salient features of Income Tax.
- (b) "Income tax is charged on the income of the previous year." Explain its exceptions.
- (c) Which income are taxable in case not ordinarily resident individuals ?

- (d) What is included in the term 'salary' for calculation of exempted amount of House rent allowance and valuation of rent free accommodation provided to an employee ?
- (e) What are the exempted income of house property ?
- (f) What is the difference between deduction and exemption under Income Tax Act ?
- (g) What different provisions of Income Tax are applicable on full and partial partition of Hindu Undivided Family ?
- (h) What is the hierarchy of Income Tax authorities and appellate authorities under Indian Income Tax Act ?
- (i) Name the deemed assets under Wealth Tax Act.
- (j) Name the services covered under Service Tax.

2×10

2. Explain any *ten* deductions allowed to a businessman in computing profits. Specify the expenses disallowed: 20
3. Explain the following deductions with suitable examples and state the related sections also :
- (a) Deduction for medical treatment of handicapped dependents.
- (b) Deduction in respect of repayment of loan taken for higher education.
- (c) Deduction in respect of collection and processing of bio-degradable waste.
- (d) Deduction in respect of income of physically handicapped persons. 4×5
4. Atma Ram & Sons is a Hindu Undivided Family, whose Karta is A. Karta and his three brothers B, C and D are coparceners in the family. For the year ending 31st March, 2007

income of the family and its coparceners were as follows :

	Rs.
(a) Salary of B as manager of a company	2,36,000
(b) Gross interest on Govt. securities :	
(i) In the name of B (Investments made out of his salary income)	8,400
(ii) In the name of all coparceners (investment made out of family funds)	6,000
(c) Income from house property :	
(i) Municipal value of ancestral house which is used by family as residence	7,800
(ii) Rent received from a house in the name of A (Purchased out of family funds)	16,000
(d) Income from business :	
(i) Profit from family business	71,500
(ii) Half share of income in the profit of a firm in which A is a partner as a representative of family	57,200
(iii) Income of C from profession of a lawyer	1,19,200

(e) Dividend from shares in Indian Companies :

- (f) On shares purchased in the name of A out of family funds 6,000
- (ii) On shares purchased in the name of A's wife out of her Stridhan 2,400
- (f) The family paid Rs. 4,000 as life insurance premium on the life of the Karta and his son.

Compute the total income and tax liability of the family for the assessment year 2007-08. 20

5. What do you understand by Advance Tax ? How is it computed ? Discuss the provisions of Income Tax Act regarding its payment. 20
6. Explain the procedure of assessment under Income-Tax Act, 1961. Under what circumstances re-assessment is done ? 20
7. What is the procedure of valuation of a house under Wealth Tax Act ? 20

8. What is the meaning of tax planning ? How is it different from tax evasion ? Briefly explain, how the tax planning can be done by an individual in respect of his salary income. 20