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Reg. No. | | | | | | | | |

III Semester M.B.A. (Day/ Evening) Degree Examination, March/April - 2021

MANAGEMENT

Corporate Taxation for Managers

(CBCS Scheme 2019-20)

Paper : 3.2.2

Time : 3 Hours **Maximum Marks : 70**

SECTION - A

I. Answer any **Five** of the following questions. Each question carries **Five** marks. **(5×5=25)**

1. Explain the union Budget 2021 as a weapon for economic development of the country.

2. Define Supply. Explain the different concepts of supply under GST.

3. After visiting USA for a month Mrs and Mr. Benak, Indian Residents brought to India a laptop computer valued at Rs. 70,000, Used personal effects valued Rs. 1,40,000, Personal Computer for Rs. 58,000, Hair Dryer Rs. 10,000, Refrigerator above 300 Ltrs Rs. 70,000 Mobile phone Rs. 58,000. 2 liter of liquor Rs. 4,800, Plasma T.V Rs. 1,50,000. Calculate the custom duty payable by Mrs and Mr. Benak if any.

4. You are given the following particulars in respect of assets of MR. X. Compute the depreciation allowable as per the Income Tax Act, 1961 for the Assessment Year 2020-21.

		Rs.
i)	Written down value of plant and machinery on 1/4/2019	6,48,000
ii)	Additions to plant made on 1/12/2019	4,00,000
iii)	Machinery purchased on 31/12/2019 which would not be installed during the previous year	3,40,000

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iv) Sales proceeds of the machinery which was originally purchased on 1/4/2017 for Rs. 2,00,000 — 2,90,000

v) Machinery destroyed in a fire happening on 30/03/2020. Its original cost on the date of purchase on 1/4/2018 was Rs. 1,00,000. The amount received from the insurance company — 60,000

Rate of Depreciation 15%.

5. XYZ company donated the following funds to the following institutions in the previous year 2019-20 by cheques except donation under(e)

		Rs.
a)	Prime Ministers National Relief Fund	10,000
b)	National Defense Fund	20,000
c)	Approved Charitable Institution	30,000
d)	Aid to poor students	2,000
e)	Books donated in an approved college	6,000
f)	Municipality, approved for promotion of family planning	10,000
g)	Mangalore University (of National Eminence)	10,000

XYZ Company's gross total income for the assessment year 2020-21 was Rs. 3,05,000. The company has incurred an expenditure of Rs. 15,000, on the general insurance of the employees. Calculate the deduction allowable to the company u/s 80G.

6. A non air conditioned hotel in Kolkata has declared tariff of Rs. 2,000 per day, including amenities. On 15/12/2017, its bills were as follows -

a) Hotel Room - Rs. 2,000, Breakfast - 300.

b) Hotel Room - Rs. 2,200, Extra Bed Rs. 400, and Laundry Charges Rs. 200.

c) Special Discounted rate to a poor customer Rs. 800.

d) Discounted rate to corporate client Rs. 1,500, Laundry Charges Rs. 100.

e) Telephone Charges Rs. 200, Break Fast - Free.

Cancellation Charges for a booked room - Rs. 1000

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f) Room to a business customer from Orissa who has given his GSTIN - Registration Number of Orissa. The GSTIN was included in the tax invoice issued by hotel Rs. 1,800 including Break Fast.

Calculate the tax liability in each case.

7. Determine the value of supply and the GST liability, to be collected and paid by the owner, with the following particulars.

Rent of the commercial Building.	18,00,000
Maintenance charges collected by the local society from the owner and reimbursed by the tenant.	2,50,000
Owner intends to charge GST on refundable advance, as GST is applicable on advance.	6,00,000
Municipal taxes paid by the owner	3,00,000

SECTION - B

II. Answer any **Three** of the following questions. Each questions carries **10** marks. **(10×3=30)**

8. John Ltd. of Jodhpur (Rajasthan) is a registered manufacturer of cosmetic products. John Ltd. Has furnished following details for the month of April 2018.

Sl No.	Particulars	Rs.
(A)	Receipts Details of Sales.	
i)	Sales in Rajasthan	8,75,000
ii)	Sales in States other than Rajasthan	3,75,000
iii)	Export under bond	6,25,000
(B)	**Payments**	
1.	Raw Materials	
i)	Purchased from registered suppliers located in Rajasthan	1,06,250
ii)	Purchased from unregistered suppliers located in Rajasthan	37,500

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	iii) Purchased from Punjab from registered supplier	1,00,000
	iv) Integrated tax paid on import from USA.	22,732
2.	Consumables purchased from registered suppliers located in Rajasthan including high speed diesel. (Excise and VAT paid) Worth Rs. 31250 for running the machinery in the factory.	1,56,250
3.	Monthly rent for the factory building to the owner in Rajasthan	1,00,000
4.	Salary paid to employee on rolls	6,25,000
5	Premium paid on life insurance policies taken for specified employees. Life insurance policies for specified employees have been taken by John Ltd, to fulfill a statutory obligation in this regard. The government has notified such life insurance service under section 17(5) (b) (iii) (A). The life insurance. Service provider is registered in Rajasthan.	2,00,000

- All the above amounts are exclusive of all kinds of taxes, wherever applicable. However, the applicable taxes have also been paid by John Ltd.

- The balance of input tax credit (ITC) with John Ltd as on 1st April, 2018 is CGST Rs. 20,000, SGST Rs. 15,000 and IGST Rs. 15,000.

Assume CGST, SGST and IGST rates to be 9%, 9% and 18% respectively, wherever applicable. Assume that all the other necessary conditions to avail the eligible input tax credit have been compiled with by John Ltd., wherever applicable. Compute eligible input tax credit and net GST payable (CGST and SGST or IGST as the case may be) by John Ltd, for the month of April, 2018.

9. The management of X Ltd. Wants to acquire a new machine. The cash price of the machine is Rs. 4,00,000. The company has enough cash reserves to finance the purchase. However it seeks your advice, whether from the point of view of tax planning, it should buy the machine or get it on lease. On the basis of the following particular, explain the suitability of each alternatives,

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I. Rate of Income Tax 28%

II. Rate of Depreciation under the Income Tax Act 25%

III. Expected life of the machine 10 years.

IV. Lease Rent 51,000 for the first 5 years and 28,000 per year afterwards.

V. Present value of Rs. 1 discounted at 12%.

10. Compute the assessable value and Custom duty payable from the following information:

i) F.O.B value of machine - 10,000 UK pounds

ii) Freight paid (air) - 1,500 UK pounds

iii) Design and Development charges paid in UK - 500 UK pounds

iv) Commission payable to local agents @ 2% of F.O.B in Indian Rupees.

v) Date of bill of entry-24/10/2015 (Rate Basics custom duty 10%, Exchange rate as notified by CBEC Rs. 68 per UK pound)

vi) Date of entry inward - 20/10/2015 (Rate Basics custom duty 18%, Exchange rate as notified by CBIC Rs. 68 per UK pound)

vii) IGST @ 12% plus Social welfare surcharge at applicable rate

viii) Insurance charges - Details not available.

11. Explain the impact of import and Export procedure on the customs Duty.

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SECTION - C

III. 12. **Case Study (Compulsory)** **(15×1=15)**

Statement of Profit & Loss

(for the year ended 31st March, 2020)

Particulars	Note No.	Figures as at the end of current reporting period
I. Revenue from Operations:		
Domestic Sales		42,00,000
Export Sales		12,00,000
II. Other Income		-
III. Total Revenue I+II		54,00,000
IV **Expenses:**		
Cost of materials consumed		-
Changes in inventories of finished goods, work in progress stock in trade.		-
Employee Benefit Expenses:		
Salaries and wages		5,00,000
Depreciation and Amortization Expenses:		8,00,000
Other Expenses:		
Rent and Rates		4,00,000
Repairs		2,00,000
Selling Expenses		5,00,000
Total Expenses		**24,70,000**
V. Profit Before Tax (III-IV)		29,00,000
VI. **Tax Expenses:**		
Income Tax		5,60,000
VII. Profit for the period (V-VI)		24,30,000

Notes to Accounts:

Surplus Statement

Profit/Loss as per last Balance Sheet (if any)	
Current year's profit	24,30,000
Add: Transfer from General Reserve	3,00,000
	21,30,000
Less: Appropriations	
Proposed Divided	3,70,000
Profit carried to Balance Sheet	17,60,000

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Other Information:

i) The company has long-term capital gain of Rs. 1,00,000, which is not added in statement of profit and loss.

ii) Foreign exchange remittance Rs. 8,00,000.

iii) Depreciation u/s 32 Rs. 4,50,000.

iv) The company wants to set of the following.

	For Tax Purpose	For Accounting Purpose
Brought forward losses of 2017 to 18.	6,00,000	3,00,000
Unabsorbed Depreciation	4,00,000	4,00,000

You are required to compute:

I. Book profit as per section 115 JB.

II. Total Income of the company

III. Tax Liability of the company.