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III Semester M.B.A. (Day/Evening) Degree Examination, May/June - 2025
MANAGEMENT
Corporate Taxation for Managers
(CBCS Scheme 2019)
Paper : 3.2.2

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

SECTION - A

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

1. Describe the various sources from which an individual can earn his income as per income tax Act.
2. Explain the tax consideration to be kept in mind while deciding on 'make or buy' the components.
3. Distinguish between zero rated supply and exempted supply with suitable examples.
4. Determine the time of supply in each of the following independent in accordance with section 12(3) of CGST Act, 2017. The recipient of goods is liable to pay GST under RCM in are the cases.

Case	Date of Issue of invoice by the supplier	Date of receipt of goods by the recipient	Date of payment in the books of recipient	Date when payment is debited in bank A/c of recipient
1	5/1/2023	11/1/2023	16/1/23	17/1/23
2	6/1/2023	10/1/2023	9/1/23	12/1/23
3	7/1/2023	18/1/2023	16/1/23	15/1/23
4	8/1/2023	11/2/2023	13/2/23	20/2/23

5. XYZ Ltd. Furnishes the following information.
Plant and machinery (consisting of 3 plants) rate of depreciation 15%, WDV on 1st April, 2023 Rs. 2,50,000.
Building (2 buildings), rate of depreciation 10%. WDV on 1st April, 2023 Rs. 6,00,000. Acquired on 2nd June, 2023, 2 plants for Rs. 2,00,000. Sold on 30th November, 2023, all the five plants for Rs. 4,50,000. Acquired on 15th December, 2023 two plants for Rs. 1,50,000 for its production department. Admissable rate of depreciation in relation to all acquired plants is 15%.
Compute the amount of admissible depreciation claim of XYZ Ltd. for the assessment year 2024-25.
6. Determine the amount of ITC admissible Sambal Ltd. in respect of the following items procured by it in the month of July 2023.

Inward supplies	**GST (in Rs.)**
Electrical transformers used in the Factory	4,32,000
Moulds and dies used in the factory	52,000

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Pollution control equipment used in the factory	1,17,000
Trucks used for transportation of inputs in the factory	4,48,000
Bus purchased for commutation of employees from their residence to factory and back (capacity, 45 persons, including driver)	2,24,000
Health care services availed from golden gym for upkeep of health of their employees	10,800
Goods given as gift not related with business	12,500
Premium paid on life insurance policies taken for specified employees as part to fulfil a statutory obligation in this regard	18,000

7. Mr. and Mrs. an Indian resident who was on a visit to China returned after 6 months. They were carrying with them the following items.
   1. Personal effects Rs. 60,000
   2. Laptop computer Rs. 40,000
   3. Music system Rs. 25,000
   4. Jewellery - 25 grams (purchased in China) Rs. 90,000
   5. 2 Ltr liquor Rs. 2,600
   6. Hair dryer from duty free shop Rs. 4,000

   Compute the customs duty payable by Mr. and Mrs. X with reference to Baggage Rules, 2016.

SECTION - B

Answer any **Three** of the following questions, each question carries **10** marks.**(3×10=30)**

8. Explain the corporate deductions under section 80.
9. M/s international traders Ltd. have imported one machine from England. They have given the following particulars :
   FOB value of machine 8,000 pounds
   Air freight paid 2,500 pounds
   Design and development charges paid in England 500 pounds
   Commission at 2% of FOB, value paid to local agent in Indian currency
   Date of bill of entry is 24-10-2022 (rate of BCD is 20%. Exchange rate as notified by CBIC was 98 Rs. per sterling pound)
   Integrated tax leviable under Sec. 3(7) of customs tariff Act. 1975 is 12%.
   Insurance charges paid
   Compute the Assessable value and determine the customs duty payable by M/s international traders Ltd. Give brief note also wherever necessary.

10. X and Y want to start a business They have two options for selecting a form of organization, partnership firm or a private company. The estimated profits of which before the following deductions are expected at Rs. 9,26,000.
    Remuneration Rs. 15,000 per month.
    Medical facility Rs. 24,000 p.a. each
    Car facility from residence to office and back, estimated cost Rs. 28,000 p.a. each.
    Rent free house valued at Rs. 34,000 each
    Each will give loan to the business of Rs. 2,48,000 @ 12% p.a.

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Contribution as capital Rs. 3,00,000 each. On this, interest will be paid at 12% p.a. However the company cannot pay any interest on it.
The profits after tax will be distributed equally as profits or dividends.
Assume that the company is liable to pay income tax @25%, surcharge, health and education cess. Suggest whether they should form a partnership firm or a private company.

11. M/s Intel Ltd. a manufacturing of heavy machines registered at Jaipur, supplied one machine to M/s Daniel Ltd. of Udaipur on 5/2/2021 under an invoice of the same date. Using the information given below, compute the value of the machine and the GST payable in cash for the month of February, 2021 by M/s Intel Ltd. with appropriate working notes.
Assume rate of CGST, SGST, IGST on the machine to be 9%, 9% and 18% respectively.

Particulars	**Rs.**
The basic price of the machine 9 exclusive of taxes and discount	28,50,000
Trade discount is allowed at 3% on the basic price and is shown in the invoice	85,500
Secondary packing (in iron sheets) charges for safe transportation of the machine on the request of buyer	30,000
Design and engineering charges of the machine	90,000
Tax levied by municipal authority on the sale of the machine	25,000
Subsidy received by the supplier from the state government to encourage manufacture of the machine	80,000
Pre delivery inspection charges paid to an independent agency in terms of the agreement for supply. The amount was paid by M/s Daniel Ltd.	22,000
Interest amount paid by M/s Daniel for delay in payment for the machine	12,000
Inward supplies	
IGST paid on food items for consumption by employees working in the history	8,000
SGST and CGST (Rs. 15,000 each) paid on electrical transformer used in the manufacturing process	30,000

Note :

1. M/s Intel Ltd. has no ITC balance at the beginning of February 2021. All the other conditions necessary for availing the eligible ITC have been fulfilled.
2. There are no other transactions of supplies during the month of February 2021.
3. M/s Intel Ltd. and Daniel Ltd. are not related persons.

SECTION - C

12. **Case study (compulsory)** **(1×15=15)**

X-Ltd., a closely - held Indian company, is engaged in the business of processing of meat and meat products. The following information for the financial year 2023-24 are given :

Statement of profit and loss
(for the year ended 31st March, 2024)

	Particulars	Note No	Figures as at the end of current reporting period **Rs.**
I.	Revenue from operations :		
	Domestic Sales		33,35,850
	Export Sales		8,64,150

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II.	Other income	3,00,000
III.	Total income (I+II)	**45,00,000**
IV.	Expenses :	
	Cost of Materials consumed	-
	Changes in inventories of finished goods, work -in- progress and stock -in Table	-
	Employees benefits expenses :	
	Salary and wages	3,15,000
	Depreciation and amortization expenses	6,36,000
	Other Expenses :	
	Entertainment expenditure	22,500
	Travelling expenditure	54,000
	Outstanding custom duty	26,250
	Provision for unascertained liabilities	1,05,000
	Loss of subsidiary company	45,000
	Salary to managing director	2,70,000
	Fees paid to tax expert	31,500
	Total expenses	**15,05,250**
V.	Profit before tax (III-IV)	29,94,750
VI.	Tax Expenses :	
	current tax : Income Tax	5,25,000
VII.	Profit for the Period (V-VI)	24,69,750

Surplus Statement

	Rs.
Profit/Loss as per Last Balance Sheet (If Any)	------
Current Year's profit	16,46,500
Less : Appropriations :	
Proposed dividend	60,000
Profit carried to balance sheet	15,86,500

For tax purposes the company wants to claim the following.

----- Deduction u/s 80 - IB (30 per cent of Rs. 15,86,500)

----- Excise duty pertaining to 2020-21 paid during 2023-24 (amount actual paid is Rs. 75,500)

------ Depreciation under section 32 (Rs. 5,36,000),

----- The company wants to set - off the following losses :

	For Tax Purpose Rs.	For Accounting Purpose Rs.
Brought Forward Loss of 2019-20	11,80,000	2,40,000
Unabsorbed Depreciation	------	5,000

Compute tax liability under Income Tax Act.

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