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Reg. No.

III Semester M.B.A. (Day and Evening) Degree Examination June/July - 2024

MANAGEMENT (FINANCE)

Corporate Taxation for Managers

(CBCS Scheme 2019 Onwards)

Paper : 3.2.2

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

SECTION - A

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

1. Explain the residential status of a company.
2. Explain the documents required for Export and Import business in India.
3. Narrate the Time of Supply (TOS) and Place of Supply (POS) of goods and services.
4. ABC Ltd. owns the following assets as of 01/04/2022.

Asset	WDV as of 1st April 2022 (Amount in Rs.)	Rate of Depreciation
Plant and Machinery	45,00,000	15%
Furniture	7,00,000	10%

During the Previous year, a motor car was purchased for Rs. 5,00,000 on 20th June 2022. The car was put into use from 1st January 2023. The motor car is depreciated at 15%. Determine the depreciation that can be claimed as a deduction u/s 32 for the AY2023-24.

5. XYZ Ltd. has been engaged in the manufacturing of transformers since 1995. The capital structure of the company consists of Rs. 30,00,000 Equity shares and 10% Debentures of Rs. 50,00,000. The company requires Rs. 70,00,000 for expansion. The company has the below alternatives.

Source of capital	Alternative 1	Alternative 2
Equity Capital	20,00,000	50,00,000
Debentures	30,00,000	10,00,000
Bank Loan @ 12%	20,00,000	10,00,000

a) The company expects a return of 40% on the total capital employed.

b) The Corporate Tax Rate is 30%.

Suggest the company in deciding capital structure.

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6. Mr.Gowtham had the following items in his baggage while returning to India from his two months foreign trip from the USA.

Sl.No.	Items	Quantity	Value
1	Laptop (purchased in the USA)	01 Unit	Rs. 50,000
2	Camera	01 Unit	Rs. 20,000
3	Personal Effects	-	Rs. 90,000
4	Liquor	05 Litres	Rs. 50,000
5	Cigarettes	150 Sticks	Rs. 1,500

At the Indian Airport, it was found that one Litre of liquor bottle was damaged. He threw it in the dustbin and did not disclose it to the customs. Compute the duty payable by him.

7. Harish Ltd., Bengaluru purchased Rs. 20,000 worth of Raw Materials from a supplier in Kalburgi and Rs. 35,000 worth of raw materials from a supplier in Venkatachalam, Andhra Pradesh. The sales of the company consisted of a sale to a recipient in Trichur, Kerala, and Mandya, Karnataka for Rs. 85,000 and Rs. 1,00,000 respectively. GST on receipt of goods is 12% and GST on Supply is 18%. Compute the GST payable from the above details.

SECTION - B

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

8. Explain the procedure for registration of GST in India.

9. X Ltd. Bengaluru a GST registered tax payer furnishes the following details for the month of February 2023; for manufacture and supply of an equipment to Y Ltd. of Hyderabad.

	Rs.
Raw-material A used in manufacture	5,00,000
Raw-material B used	7,50,000
Labour cost	1,50,000
Fabrication charges	1,25,000
Design and Engineering cost including GST @ 18%	1,18,000
Other manufacturing expenses profit margin 20% on cost	2,75,000
The other related expenses are:	
Selling expenses	25,000
Packing and Handling cost	35,000
Interest on delayed payment	5,000

Compute the taxable value of supply and amount of tax under relevant tax law assuming rate of GST @ 28%.

10. Sakshi Limited, Mysore imported five machineries from the USA for $10,000 per machine. The other details of the imports are as under:
    a) Ocean Freight is $8,000.
    b) Free drawings were supplied from the buyer costing Rs. 10,000 before imports.
    c) The cost of transportation from the harbour to the manufacturing plant is Rs. 50,000.

d) Landing Expenses amounted to Rs. 30,000.
e) The exchange rate as per CBIC is Rs. 80/$.
f) The date of presentation of the Bill of entry is 28 December 2022.
g) The date of entry inward of the vessel is 3rd January 2023.
h) Customs Duty rates applicable are as under:

Particulars	As on 28/12/2022	As on 03/01/2023
BCD	10%	15%
Integrated Tax	18%	12%

Compute the custom duty payable from the above details.

11. Determine the GST liability of Royal Publications, Bengaluru, Karnataka from the following details for February 2023.

Date	Supplier/Recipient Details	Transaction	Value (in Rs.)	GST %
05/02/2023	Amol Paper Mills Private Limited, Mumbai	Purchase	1,00,00,000	5%
09/02/2023	Mumbai Book Store, Chennai	Sales	25,00,000	12%
12/02/2023	J K Paper Ltd, Kolkatta	Purchase	1,50,00,000	5%
16/02/2023	Dharmapuri Papers Mills Pvt Ltd., Chennai	Purchase	45,00,000	5%
18/02/2023	Flipkart Private Limited, Chennai	Sales	40,00,000	12%
21/02/2023	Dynamic Fine Paper Mill Private Limited, Karnataka	Purchase	60,00,000	5%
24/02/2023	Department of Collegiate Education, Government of Karnataka	Sales	1,00,00,000	12%
25/02/2023	Jaipur National University, Rajasthan	Sales	3,00,00,000	12%

SECTION - C

12. **Compulsory Question.** **(1×15=15)**

The following is the statement of Profit and Loss of LUDO Ltd. for the year ended 31/03/2023.

	Particulars	Note No.	Amount (In Rs.)	Amount (In Rs.)
I.	Revenue from operations:			
	a) Domestic Sales		10,00,000	
	b) Export Sales		6,00,000	
II.	Other Income (LTCG on Sale of Land)		90,000	

III.	**Total Revenue (I+II)**		**16,90,000**
IV.	Expenses:		
	a) Purchases	7,10,000	
	b) Excise Duty Payable	42,000	
	c) Salaries and Wages	2,49,000	
	d) Interest	-	
	e) Depreciation	80,000	
	f) Other Expenses	2,35,000	
IV.	**Total Expenses**		**13,16,000**
V.	Profit Before Tax (III-IV)		3,74,000
VI.	Tax Expenses:		
	a) Provision for Income Tax		45,000
VII.	Profit for the Period (V-VI)		3,29,000
	Surplus Statement		
	Profit /Loss as per Last Balance Sheet (If Any)		---
	Current Year's profit		3,29,000
	Add: Transfer from General Reserve		15,000
			3,44,000
	Less: Appropriations:		
	a) Proposed Dividend		2,40,000
	Profit carried to balance sheet		**1,04,000**

Additional Information:

1. Depreciation as per the Income Tax Act is Rs. 1,10,000.
2. The company has not recorded the admissible expenses of Rs. 1,000 pertaining to wages.
3. A transfer from Capital Reserve of Rs. 2,50,000 is not recorded.
4. B/F Losses and Depreciation are as under

	As per books	For tax purpose
B/F Business Loss (From AY 2017-18)	1,00,000	1,25,000
B/F Depreciation	15,000	90,000

Compute tax Liability of the company for AY - 2023-24 considering MAT provisions.