109081

62223

M.P. Birla Institute of Management LIBRARY

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

III Semester M.B.A. (Day & Evening) Degree Examination, April/May - 2026
MANAGEMENT
Corporate Taxation for Managers
(CBCS Scheme 2019 Onwards)

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

SECTION - A

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

1. Distinguish between (i) Tax Evasion and Tax Avoidance (ii) Cess and Duty.
2. Explain the import customs procedure. Explain the different types of custom duty.
3. XYZ Ltd. a US based Company, having subsidiaries across the borders, during the previous year the place of effective management was held at India and Dividend declared at 50%. Determine the Residential Status of the Company.
4. M/S ABC Ltd. total Income for the previous year 2024-2025 was Rs. 6,00,000. They made the following donations by cheques:
   a) Maharashtra Chief Minister's Earthquake Relief Fund Rs. 15,000.
   b) National Foundations for communal harmony Rs. 20,000.
   c) Rs. 10,000 to National Children's Fund.
   d) To Municipal Corporation for Promotion of Family Planning Rs. 50,000.
   e) To minority community corporation (Notified) Rs. 40,000.
   Compute the Total Income for the Assessment Year 2025-2026.

5. Determine the amount of input tax credit admissible to Kamal Limited in respect of the following items procured by it in the month of September, 2025:

Sl. No.	Inward Supplies	GST (in Rs.)
1	Inputs used for the manufacture of the final product.	63,000
2	Goods used for providing services during warranty period	9,000
3	Goods supplied for captive consumption in a factory	19,600
4	Inputs used in Trail Runs	7,200
5	Goods destroyed due to natural calamities	6,000
6	Packing Materials used in a factory	4,000

[P.T.O.

6. Mr. X a person of Indian Origin, aged about 45 years came to India on tour along with his baby aged 3 years. He carried with his following goods. Calculate total value of Dutiable goods and total duty payable on baggage.

Sl. No.	Particulars	Amount in Rs.
1	Personal effects like clothes of Mr. X	50,000
2	Unused Personal effects of infant valued at	20,000
3	Laptop	80,000
4	2 litres of liquor	4,000
5	A new camera bought for	60,000
6	150 cigars cost	24,000
7	Air dryer from duty free shop	14,000

7. X owns the following machinery as on 1-4-2024.

Machinery	WDV as on 1-4-2024	Rate of depreciation
A	70,000	15%
B	1,64,000	15%
C	84,000	15%

He acquires a new machinery D for Rs. 60,000 on 2-11-2025.
Machinery B and Machinery C are sold on 15-3-2024 for consideration of Rs. 1,80,000 and Rs. 40,000 respectively. Compute the depreciation for the assessment year 2025-26 and also indicate if there is any short-term capital gain/loss.

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, how it is beneficial for tax holiday to the specified Companies.

9. Laxmi Ltd. of Bhopal (Madhya Pradesh) is a supplier of machinery to PQR Enterprises in Indore (Madhya Pradesh). The invoice was issued on 1st October, 2020. Following information is provided:
   a) Basic price of machinery excluding all taxes but including design and engineering charges of Rs. 10,000 and loading charges of Rs. 20,000: Rs. 20,00,000.
   b) Laxmi Ltd. Provides 2 years free warranty. They also provide an extended one-year warranty on payment of additional charges of Rs. 1,00,000. PQR Enterprises opted for the one-year warranty.
   c) Laxmi Ltd. collected consultancy charges in relation to pre-installation planning of Rs. 10,000 and Freight and insurance charges from place of removal to buyer's premises of Rs. 20,000.

d) Laxmi Ltd. received subsidy of Rs. 50,000 from Central Government and Rs. 50,000 from a joint venture partner PQR enterprises for making timely supply.

e) A cash discount of 1% on the basic price of the machinery is offered if payment is made within 30 days. PQR enterprises agreed to make the payment within 30 days. Compute the transaction value and CGST and SGST or IGST payable.

10. Dream Limited wants to import customized machine to be used in its business. Dream Ltd. provides the following further details:

Sl. No.	Particulars	Amount
1	Cost of the machine	USD 15,000
2	Charges paid to canalising agent in India	Rs. 25,000
3	Freight charges (Air)	USD 1,500
4	Insurance charges	USD 250
5	Basic customs duty	10% on 12.06.2020 and 15% on 15.06.2020
6	Social werfare surcharge	10%
7	Integrated GST	12%
8	Date of Bill of Entry - 12.06.2020	Rate notified by CBIC: Rs. 75 per USD; RBI: Rs. 76 per USD
9	Date of arrival of aircraft - 15-06-2020	Rate notified by CBIC: Rs. 77 per USD; RBI: Rs. 78 per USD

You are required to compute the customs duty and integrated tax payable by Dream Ltd. on above import.

11. A and B want to start a business, the estimated profits of which for the year are Rs. 10,00,000. They have two options for selecting a form of organisation:

a) **Partnership firm:**
   i) 12% interest on capital of Rs. 7,50,000 each.
   ii) Salary Rs. 2,00,000 p.a. each.
   iii) Equal distribution of remaining profits.

b) **Company:**
   i) Rs. 5,00,000 each as share capital and Rs. 2,50,000 each as loan @ 15%.
   ii) Salary Rs. 2,00,000 p.a. each.
   iii) Distribution of remaining profits as dividends equally.

   Assume that the company is liable to pay income tax @ 25% + Surcharge + Health and Education Cess.

   Which option is better from tax point of view.

SECTION - C

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

X Ltd., A multinational company, is engaged in the business of service industry from two decades.

Statement of Profit and Loss
(For the year ended 31st March, 2025)

Statement Details

Particulars	**Amount (Rs.)**
Revenue from Operations: (I)	
Domestic Sales	22,23,900
Export Sales	5,76,100
Other Income (II)	2,00,000
Total Income (I+II)	30,00,000
Expenses:	
Employee Benefits - Salary and Wages	2,10,000
Depreciation and Amortization	4,24,000
Entertainment Expenditure	15,000
Travelling Expenditure	36,000
Outstanding Custom Duty	17,500
Provision for Unascertained Liabilities	70,000
Loss of Subsidiary Company	30,000
Salary to Managing Director	1,80,000
Fees Paid to Tax Expert	21,000
Total Expenses	10,03,500
Profit Before Tax	19,96,500
Current Tax - Income Tax	3,50,000
Profit for the Period	16,46,500

Surplus Statement

Particulars	**Amount (Rs.)**
Current Year's Profit	16,46,500
Less: Proposed Dividend	1,20,000
Profit Carried to Balance Sheet	15,26,500

For Tax purposes the company wants to claim the following:

- Deduction u/s 80-IB (30 percent of Rs. 15,86,500).
- Excise duty pertaining to 2020-21 paid during 2024-25 (Amount actually paid is Rs. 75,500).
- Depreciation under Section 32 (Rs. 5,36,000).
- The Company wants to set-off the following losses:

	For Tax Purposes (Rs.)	**For Accounting Purposes (Rs.)**
Brought forward loss of 2020-21	11,80,000	2,40,000
Unabsorbed Depreciation	-	5,000

Compute tax liability under Income Tax Act.