M. Com. (Integrated) (Sem. X) Examination
April / May - 2017
MC-9.2 : Corporate Tax Planning & Management - II

Time : Hours [Total Marks : 50]

Instructions :
(1) Fill up strictly the details of on your answer book.
(2) All questions are compulsory.
(3) Figures to the right indicate full marks of a question.
(4) Precise and to the point answers are expected.

1. Answer in short :

(1) If a company wants to take a decision of replacement of old worn out assets; what tax considerations it should keep in mind? 3

(2) Ravi filed a return of income- for assessment year 2016-17 claiming a refund of Rs. 45,000. The refund was granted to him on 1.3.2017 along with interest of Rs. 5,400. The assessing officer issued a notice under section 143(2) for regular assessment and the said assessment was completed on 16.8.2017 resulting in demand of Rs. 22,500 of the tax. Compute the -interest payable under section 234D on the amount of refund granted at the time of summary assessment. 3

(3) How much tax should a payer deduct before making payment in following cases?
   (a) K.P. College is making payment of Rs. 1,500,000 to a contractor for building a new Auditorium for college. 4
   (b) Axis Bank is paying Rs. 7,000 of interest to a Fixed deposit holder Mr. Thakur.
R Ltd. produces most of its own parts and components. The standard wage rate in the parts department is Rs. 12 per hour. Variable manufacturing overhead is applied at a standard rate of Rs. 9 per labour-hour and fixed manufacturing overheads are charged at a standard rate of Rs. 10:50 per hour.

For its current years output, the company will require a new part. This part can be made in the parts department without any expansion of existing facilities: Nevertheless, it would be necessary to increase the cost of product testing and inspection by Rs. 15,000 per month. Estimated labour time for the new part is half an hour per unit. Raw materials cost has been estimated at Rs. 24 per unit.

The alternative choice before the company is to purchase part from an outside supplier at Rs. 36 per unit. The company has estimated that it will need 2,00,000 new parts during the current year.

Advise the company whether it would be more economical to buy or make the new parts.

(a) Explain the meaning of "amalgamation" under the income tax act [Section 2 (1B)].

(b) From the following information compute the advance tax payable of Ms. Aarohi for PY 2015-16. Also calculate the advance tax installments and due dates to pay them.
Income from business and
profession (taxable).......................... 5,60,000
Long Term Capital Gain.......................... 25,000
Loss from House property.................... 40,000
Deductions under section 80C .............. 1,40,000
Tax deducted at source ...................... 3,000

4 Write short notes on following: (any two)

(1) Tax Deducted at Source from Rent (Section 1941)
(2) Duties of a person deducting tax at source
(3) Provisions of section 72A regarding set off and carry forward of loss and depreciation.