



DSS-0820

M. Com. (Integrated) (Sem. X) Examination
April/May - 2016

MC-9.2 Corporate Tax Planning & Management - 2

Time : Hours]

[Total Marks : 50

Instructions :

(1)

| | |
|--|--|
| नीचे दृष्टावेक निशानीवाणी विगतो उत्तरवही पर अवश्य कपवी. Fillup strictly the details of signs on your answer book. | Seat No. : |
| Name of the Examination : | <input type="text"/> |
| <input type="text" value="M. COM. (INTEGRATED) (SEM. X)"/> | <input type="text"/> |
| Name of the Subject : | <input type="text"/> |
| <input type="text" value="MC-9.2 CORPORATE TAX PLANNING & MANAGEMENT - 2"/> | <input type="text"/> |
| Subject Code No. : <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="0"/> | <input type="text" value="Student's Signature"/> |
| Section No. (1, 2,.....) : <input type="text" value="Nil"/> | |

- (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 : 10
- (i) Which tax consideration one has to keep in mind while taking "Repair, Replace, Renewal of Renovation" decision? 3
- (ii) Explain the provisions for interest payable under section 234 B. 3
- (iii) How much tax should a payer deduct before making payment in following cases ? 4
- (a) K.P. College is making payment of Rs. 1,40,000 to a newspaper "Divya Bhaskar".
- (b) State Bank of India is paying Rs. 25,000 of interest to a deposit holder Mrs. Hufrih Patel.

- 2 X Ltd. manufactures electric pumping sets. The company has to either make or buy from the market component Y used in manufacture of the sets. 14

The following details are available :

The component will be manufactured on new machine costing Rs. 1 lakh with a life of 10 years. Material required cost Rs. 2 per kg and wages Rs. 0.30 per hour. The salary of the foreman employed is Rs. 1500 per month and other variable overheads include Rs. 20,000 for manufacturing 25,000 components per year. Material requirement is 25,000 kgs and requires 50,000 labour hours.

The component is available in the market at Rs. 4.30 per piece.

Will it be profitable to make or to buy the component ?

Does it make any difference if the component can be manufactured on an existing machine ?

- 3 (a) Hindustan Ltd., an Indian Co. wants to acquire Pakistan Ltd., an Indian Co. at the end of the financial year 2014-15, the position of losses and allowances of last five years in taxation is as under : 7

| | Unabsorbed business Loss (Rs. in lakhs) | Unabsorbed depreciation (Rs. in lakhs) |
|----------------|---|--|
| Hindustan Ltd. | 20 lakhs | 12 lakhs |
| Pakistan Ltd | 5 lakhs | 7 lakhs |

As the tax consultant for both the companies advise them what amount of carried forward business losses and unabsorbed depreciation will be available for set off to the. Also throw light on chargeability of tax on capital gains in the following cases :

- (i) If the merger is not “amalgamation” within the meaning of section 2(1B)
- (ii) If the merger is an “amalgamation” within the meaning of section 2(1B) but it does not fulfil conditions of section 72A.
- (iii) If the merger satisfies conditions of section 2(1B) as well as section 72A

- (b) From the following information compute the advance tax payable 7
of Mr. Kumbhkarna for PY 2014-15.

Also calculate the advance tax instalments and due dates to pay
them.

| | |
|--|----------|
| Income from business and profession (taxable)..... | 5,60,000 |
| Short term capital gain | 25,000 |
| Loss from House property | 40,000 |
| Income from other sources (taxable) | 1,26,000 |
| Deductions under section 80C | 1,40,000 |
| Deductions under section 80D | 17,000 |
| Tax deducted at source | 3,000 |

4 Write a short note on following : (any two) **12**

- (1) Tax deducted at source from interest on securities (Section 193)
- (2) Tax collected at source
- (3) Consequences if capital assets are transferred as stock in trade in a course of merger (Section 43C).
