



Name : .....

Roll No. : .....

Invigilator's Signature : .....

**CS/MBA/SEM-3 (FT) & 5 (PT)/FM-301/2012-13  
2012**

**CORPORATE TAXATION & TAX PLANNING**

Time Allotted : 3 Hours

Full Marks : 70

*The figures in the margin indicate full marks.*

*Candidates are required to give their answers in their own words  
as far as practicable.*

**GROUP – A**

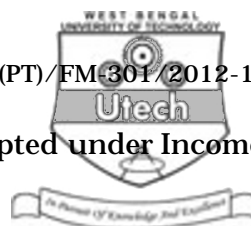
**( Multiple Choice Type Questions )**

1. Choose the correct alternatives for any *ten* of the following :

10 × 1 = 10

- i) Income which accrue and arise outside India and also received outside India taxable in case of
  - a) resident only
  - b) not ordinarily resident
  - c) both ordinarily resident and NOR
  - d) none of these.
- ii) Taxable Income of a person is determined on the basis of his
  - a) Residential status in India
  - b) Citizenship in India
  - c) both (a) and (b)
  - d) none of these.





- vii) Maximum of amount of gratuity exempted under Income Tax Act, 1961.
- a) Rs. 5,00,000                      b) Rs. 8,00,000  
c) Rs. 10,00,000                      d) Rs. 15,00,000.
- viii) Dividend paid by an Indian Company is
- a) Taxable in India in the hands of the recipient  
b) Exempt in the hands of recipient  
c) Taxable in the hands of the company and exempt in the hands of the recipient  
d) None of these.
- ix) Income from agricultural land situated outside India is taxable under the head
- a) income from other sources  
b) income from business  
c) agricultural income hence exempt from tax  
d) none of these.
- x) Personal effects do not cover the following :
- a) Immovable property      b) Drawings  
c) Jewellery                      d) All of these.
- xi) Deduction u/s 80E is allowed in respect of
- a) Donation to charitable institutions  
b) Medical treatment for handicapped persons  
c) Interest on loan taken for education  
d) Profit earned from export.
- xii) Which of the following is direct tax ?
- a) Wealth Tax                      b) VAT  
c) Excise duty                      d) All of these.



**GROUP – B**

**( Short Answer Type Questions )**

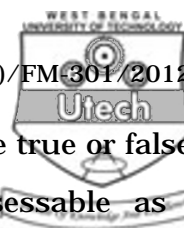
Answer any *three* of the following.  $3 \times 5 = 15$

2. Define the following :
  - a) Gratuity
  - b) Tax Evasion
  - c) Assessee
  - d) House Rent Allowance
  - e) Indirect Tax.
3. What is Leave Encashment ? Discuss rules regarding exempted amount of Leave encashment.
4. Compute the Tax liability of Mr. Sachin of the AY 2012-13 :

**Rs.**

Long term capital gain from sale of residential property	1,95,000
Long term capital gain from the sale of shares	46,150
Short term capital gain from sales of shares in BSE	35,290
Income from the House property	4,50,000

5. Mr. Manoj, who is not covered by the Payment of Gratuity Act, 1972, retires on November 25, 2011 from PXL Ltd. and receives Rs. 1,86,000 as gratuity after service of 38 years and 10 months. His salary is Rs. 8,000 per month up to July 31, 2011 and Rs. 9,000 per month from August 1, 2011. Besides, he gets Rs. 500 per month as dearness allowance ( 60% of which is part of salary for computing all retirement benefits ). What is the amount of Taxable gratuity ?



6. Indicate whether the following statements are true or false :

- a) X is a partner of a firm. He is assessable as an 'individual'.
- b) Y is a managing director of A Ltd. Y is assessable as an 'individual'.
- c) Delhi Municipal Corporation is assessable as 'artificial juridical person'.
- d) Co-owners ( with specific shares in a house property ) transfer the property. Capital gain generated on the transaction is taxable in the hands of the co-owners as 'body of individuals'.
- e) Bombay Sales Tax Bar is an 'association of persons'.

### GROUP - C

#### ( Long Answer Type Questions )

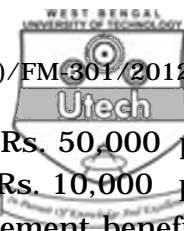
Answer any *three* of the following.  $3 \times 15 = 45$

7. Compute Income from House property from the following information for the AY 2012-13 :

	<i>H-I Self-occupied</i>	<i>H-II Self-occupied</i>	<i>H-III Self-occupied</i>
Standard Rent	2,75,000	7,10,000	NA
Fair Rent	2,40,000	8,20,000	3,90,000
Municipal value	2,50,000	2,50,000	5,85,000
Municipal tax	10%	10%	12%
Interest on loan	1,75,000	65,000	1,40,000
Repairs	12,000	15,000	8,000
Annual Charges	15,000	20,000	35,000



8. a) Define Capital Asset and transfer. 5
- b) Ms. Geetabala received a house in June 1995 by way of gift from Mr. Roy who had purchased the same in April, 1978 for Rs. 10 lakhs. The cost of improvement incurred by Mr. Roy were Rs. 3 lakhs in February 1980 and Rs. 5,00,000 in November 1989. The FMV of the house as on 1. 4. 1981 was Rs. 6,50,000. Before this house was gifted to Ms. Geetabala, Mr. Roy had received an advance of Rs. 2 lakhs in March 1995 towards sale of this house from Mr. Lal but the sale did not materialize and the advance was forfeited by Mr. Roy. The house was sold by Ms. Geetabala in February, 2012 for Rs. 70 lakhs. Ascertain the capital gains chargeable to tax for the AY 2012-13 of Ms. Geetabala. 10
9. a) From the following particulars compute the income from Salary for the Previous Year 2011-12 : 10
- |                     |                      |
|---------------------|----------------------|
| Basic salary        | Rs. 10,000 per month |
| Bonus               | Rs. 8,000 per month  |
| Commission          | Rs. 6,000 per month  |
| Transport allowance | Rs. 3,000 per month  |
- A rent-free unfurnished house has been provided in Kolkata, lease rent of the house : Rs. 1,30,000 p.a.
- Telephone bill paid by employer Rs. 12,000
- Free gas and electricity of Rs. 8,500 paid by employer
- Employer's contribution to recognized provident fund Rs. 20,000 p.a.
- Employer has provide free use of Honda City 1398 cc car for official as well as personal purposes.
- Professional tax paid by the employer Rs. 3,000.

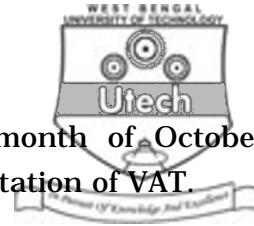


- b) Akash is entitled to a basic salary of Rs. 50,000 per month and dearness allowance of Rs. 10,000 per month, 40% of which forms part of retirement benefits. He is also entitled to HRA of Rs. 20,000 per month. He actually pays Rs. 20,000 per month as rent for a house in Delhi. Compute the taxable HRA ? 5

10. Mr. Cry is a resident individual gives you the following details relating to his income and savings during the financial year 2011-12. You are required to guide him on the following area :

- a) Computation of Taxable Income  
b) Computation of Tax payable.

	<b>Rs.</b>
Income from Salary	6,25,000
Income from house property	1,50,000
Long term Capital Gain from the sale of equity shares	30,000
Long term Capital gain from the sale of gold	55,000
Short term Capital gain on sale of house property	60,000
Income from Lottery	55,000
Income from TV show ( TDS Rs. 38,000 )	1,20,000
Income from Interest	1,15,000
Income from Dividend from Indian Companies	12,000
Gift from Father	25,000
Gift from Friend	55,000
Contribution to PPF	25,000
LIC premium paid	45,000
Medical Insurance premium paid	8,000
Principal amount loan paid	22,000



11. Compute the Vat liability of X for the month of October 2011, using the 'Invoice method' of computation of VAT.

**Rs.**

Purchases from the local market

( including VAT @ 4% ) 1,30,000

Storage cost incurred 1,500

Transport cost 3,500

Goods sold at a margin of 5% on the cost of such goods.  
VAT rate on sales @ 13.5%.

12. a) What is zero rating under VAT ? How does it differ from exempt goods ? 5
- b) Define 'Manufacturing process' under Central Excise Law. 5
- c) What is the difference between direct and indirect tax ? 5

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