



M.Com. (Semester – II) Examination, April 2016
COC 205 : CORPORATE TAX PLANNING AND MANAGEMENT (OA – 18)

Duration : 3 Hours

Max. Marks : 60

- Instructions :**
- 1) This paper consists of **nine questions** carrying **equal marks**.
 - 2) Question No. **1** consists of **5 compulsory** questions of **2 marks each**.
 - 3) Answer **any 5** questions from question **2, 3, 4, 5, 6, 7, 8 and 9**.
 - 4) **Each** question carries **10 marks**. Figures to the **right** indicate marks.

1. Answer the following questions in brief : (5x2=10)

- a) What are the due dates of filing of return ?
- b) State the conditions for claiming depreciation and additional depreciation.
- c) How to determine the residential status of a Firm, AOP and BOI ?
- d) Compute the taxable HRA for Mr. Ganesh for the A.Yr. 2015-16.

Basic salary Rs. 50,000 per month

Dearness Allowance Rs. 20,000 per month

House Rent Allowance received Rs. 20,000 per month

Mr. Ganesh pays rent of Rs. 10,000 per month for a house in Goa.

- e) Mr. Sanket receives the following gifts during the previous year 2014-15. Compute the amount chargeable to tax in his hands for the assessment year 2015-16.

Sanket receives gift of Rs. 40,000 from his friend Sunil on 10th April 2014. He receives another gift of Rs. 10,000 from Chaya, who is cousin of his father. On the occasion of his marriage, he gets Rs. 1,70,000 as gift on 24th July 2014. On 10th October 2014, he purchases a house property from his friend for Rs. 45,00,000 (Stamp duty value of the property is Rs. 50,00,000).

2. Explain the following :

- a) Exemption from capital gain on transfer of land used for agricultural purposes u/s 54B. 5
- b) Tax provisions with respect to Gratuity received by employee. 5

P.T.O.



- e) Medical bills reimbursement Rs. 48,000 (out of which Rs. 18,000 is in respect of treatment in a Govt. Hospital)
- f) Medi claim insurance on life of Mr. Anish – Rs. 7,000
- g) Entertainment allowance – Rs. 6,000 per month.

Income of Mr. Anish from other sources is Rs. 1,70,000. Find out the taxable income of Anish for the A. Yr. 2015-16 on the assumption that , Anish contributes Rs. 1,50,000 towards PPF.

10

8. a) Determine the advance tax payable by the following assessees for the A. Yr. 2015-16.

3

Particulars	Mr. Sundar	M/s Asha Associates	Lifex & co. Pvt. Ltd.
Net Income	5,00,000	4,50,000	10,00,000
Tax liability	94,000	1,35,000	3,00,000
Add : Surcharge	Nil	Nil	Nil
Add : SAH Education Cess	2,820	4,050	9,000
Total	96,820	1,39,050	3,09,000

- b) Mr. John owns the following assets as on 1st April 2014.

7

Asset	WDV as on 31 st March 2014	Rate of Depreciation
Furniture	25,00,000	15%
Building	21,50,000	10%
Car	5,20,000	20%
Other vehicles	7,50,000	25%

During the year he purchased the following assets :

Date of Purchase	Date when put to use	Asset	Cost	Rate of Depreciation
15 th October 2014	15 th Oct. 2014	Motorcycle	62,000	25%
21 st July 2014	21 st Jul 2014	Building	1,00,000	10%
2 nd October 2014	15 th April 2015	Car	4,80,000	20%

Determine the depreciation for the Assessment Year 2015-16, assuming that the assets purchased during the year are put to use on the same day.



3. Explain the following :
- Alternate Minimum Tax (AMT). **5**
 - Provisions with respect to Interest on Borrowed Capital u/s 24 (ii). **5**
4. What are the tax planning aspects to be considered in respect of employee's remuneration ? **10**
5. What are prerequisites ? Explain the valuation of any 2 prerequisites in the hands of employees. **10**
6. Smita owns two houses which are used by her for residential purposes :

	House I	House II
Municipal Value	30,000	70,000
Fair rent	40,000	58,000
Standard Rent	37,000	74,000
Municipal tax paid by Smita	3,000	16,000
Insurance Premium	1,000	2,000
Land Revenue (Outstanding)	600	-
Ground Rent (Outstanding)	1,700	2,110
Interest on capital borrowed to pay municipal tax	600	400
Interest on capital borrowed for purchase/construction or reconstruction (borrowed after 1 st April 1999)	11,060	75,900
Interest on capital borrowed for repairs of the property	1,000	1,500

Find out the net income of Ms. Smita for the Assessment Year 2015-16 taking into consideration the following information : Income from other sources is Rs. 5,75,000. Smita deposited Rs. 10,000 in PPF during the previous year 2014-15. **10**

7. Anish (age 66 yrs.) was in the State Govt. service till his retirement on 31-3-2014 when he joins Nirma Ltd. During the previous yr. 2014-15, he gets the following from Nirma Ltd.
- Basic salary – Rs. 30,000 per month
 - DA – Rs. 4,000 per month
 - Overtime allowance upto 30-6-2014 Rs. 5,000 per month
 - Helper allowance for office use – Rs. 1,500 per month (expenditure Rs. 1,000 per month)



9. Sunita purchased a house property on 15th August 2001 for Rs. 5,00,000. This property was sold by her for Rs. 50,00,000 on 1st December 2014. She incurred expenses of Rs. 50,000 on transfer of this property. On 1st March 2015 she deposited an amount of Rs. 21,00,000 in Capital Gains Deposit Account Scheme. She purchased a new house property by withdrawing from the deposit account on 1st March 2017 for Rs. 15,00,000.

You are required to compute the Capital Gains for the A. Yr. 2015-16 and 2017-18. **10**

Year	Cost Inflation Index
1999-2000	389
2000-01	406
2001-02	426
2002-03	447
2010-11	711
2011-12	785
2012-13	852
2013-14	939
2014-15	1024