 LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

 **M.Com.** DEGREE EXAMINATION - **COMMERCE**

SECOND SEMESTER – **APRIL 2012**

# CO 2953/2950 - BUSINESS TAXATION

 Date : 26-04-2012 Dept. No. Max. : 100 Marks

 Time : 9:00 - 12:00

**SECTION – A Answer ALL questions ( 10 x 2 = 20 )**

1. Give any two differences between Capital and Revenue Expenditure.
2. From the following, find the amount deductible as expense for the previous year 2010 – 11.

Bonus of Rs.1,40,000 relating to the previous year 2010-11 was payable to employees in December 2010 but was distributed in instalments on 1-12-2010 Rs.50,000; on 1-6-2011 Rs.50,000 and balance of Rs.40,000 was paid on 1-11-2011. The date of filing of return is 31-10-2011.

1. Identify which of the following income is taxable in the hands of (a) Resident, (b) Resident and Not ordinary resident and (c) Not ordinary resident:
2. Income accrued in India
3. Income received outside India from the business controlled from India
4. Income accrues from outside India from the business controlled outside India
5. Non business income received from outside India
6. What are entities not liable to tax under the Wealth Tax Act?
7. Which of the following is an asset under the Wealth Tax Act and why?
8. Resident house held as stock in trade
9. Motor car used for transporting employees
10. Enumerate any cannon of taxation and explain.
11. How ‘dutiable goods’ is defined under Customs Act?

1. Calculate the customs duty payable from the following details:

Customs Value (A.V.) of imported goods Rs.5 lakh, custom duty payable 60%. Had the goods been manufactured in India, the exercise duty payable would have been 20%.

1. Mr. X went to West Germany for diploma course on 5th August 2010 and came back to India on 25th February 2011. He had never been out of India before. What is his residential status for the year ending on 31st March 2011?
2. The net profit of a partnership firm is Rs.45,000, after providing interest and salary to partners. The firm has a working partner who draws remuneration of Rs.1,00,000. He get interest at 15%, which amounts to Rs.75,000. Calculate the taxable income.

**SECTION – B Answer any five questions ( 5 x 8 = 40 )**

1. Discuss in detail, the provision of Minimum Alternative Tax under section 115JB.
2. What are the ‘assets’ identified by the Wealth Tax under section 2(ea)?
3. What are the provisions relating to small scale industries under the Excise Duty?
4. What are the different types of customs Import Duties?
5. Write a note on CENVAT.
6. Mr. B purchased on 30th April 2010, a new machine at a cost of Rs.1,00,000. In bringing it to factory site he incurs expenses on clearing, freight and loading and unloading amounting to Rs.5,000, Rs.1,000 and Rs.500 respectively. In installing the machine a further cost of Rs.10,000 is incurred. It is then found that a part is broken and in repairing such broken part an additional expenditure of Rs.7,500 becomes necessary. Ultimately on 31st January, 2011 the machinery is ready for use and is actually brought into use on that day. If the rate of depreciation is 15%, determine the actual cost of the machinery for purposes of depreciation and also the amount of written down value as on 31st March 2011.
7. From the following detail, compute taxable wealth:
8. Land in urban area (construction not permitted as per municipal law) Rs.20 lacs
9. Motor car (in the use of company) Rs.5 lacs
10. Jewellory (investment) Rs.10 lacs
11. Cash balance (as per books) Rs.2 lacs
12. Bank balance (as per books) Rs.3 lacs
13. Guest house (situated in rural area) Rs.4 lacs
14. Residential flat occupied by Managing Director Rs.8 lacs

(annual remuneration of whom is Rs. 6 lacs)

1. Residential house let out for 100 days in the financial year Rs.7 lacs
2. Loan obtained – for purchase of motor car Rs. 2 lacs and for purchase of

Jewellery Rs. 2 lacs.

1. Mr. Amy is the seller, Mr. Bali is the buyer and Mr. Camy is the consumer, assuming the sale price of the goods fixed as Rs.100 and the VAT rate charged is 12.5% and Rs.10 is retained as profit, find the Net VAT payable by each parties.

**SECTION – C Answer any TWO questions ( 2 x 20 = 40 )**

**19.** What is the law relating to valuation of excisable goods for the purpose of charging excise duty?

**20.** M/s. Vijay Traders Ltd. is a company has derived the following incomes:

1. Profit from the manufacturing unit at Madurai Rs.3,20,000
2. Profit from trading activities at Madurai Rs.1,00,000
3. Interest on debentures issued by another company Rs.25,000
4. Dividend from a foreign company Rs.10,000
5. Profit from hotel business Rs.2,10,500

(Depreciation Rs.60,000)

f) Royalty income received from foreign company Rs.2,10,000

g) Brought forward unabsorbed depreciation Rs.39,000

h) Book profit of the company as per sec.115JB Rs.25,00,000

you are required to calculate total income and tax liability of the company.

1. From the following compute the net wealth and tax liability for the assessment year:

Land in rural area (within 5 kms of Aligarh – purchased in 1993)

Construction on which is permissible Rs.90 lacs

Land in urban area (for construction of mall) Rs.20 lacs

Land in urban area (held as stock in trade since 1993) Rs.50 lacs

Motor car (including one imported car worth Rs. 6 lacs) Rs.11 lacs

Jewellory (held as stock in trade) Rs.18 lacs

Aircraft for use of directors and auditors Rs.158 lacs

Bank balance Rs.5 lacs

Cash in balance as per cash balance Rs.2.70 lacs

Guest house and land appurtenant thereon in rural area Rs.8 lacs

Residential flats of identical size provided to six employees

For their use near factory in rural areas (salaries of two such

Employees exceed Rs. 5 lacs p.a) Rs.15 lacs

Residence provided to managing director (salary exceed

Rs.5 lacs p.a) Rs.10 lacs

Flats constructed remaining unsold (not held as stock) Rs.30 lacs

Residence provided to whole time director (salary

Rs.15,000 p.m) Rs.17 lacs

The company has taken the following loans –

1. For purchase of jewellory Rs. 6 lacs
2. For purchase of aircraft Rs. 7 lacs
3. For flats constructed remaining unsold Rs.2 lacs
4. For residence provided to whole time director Rs.9 lacs

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