

SVKM's NMIMS
School of Distance Learning

Programme: DFM/PGDFM

Academic Year: 2011-2012

Subject: Corporate Taxation-Direct & Indirect

Date: 5.1.2012

Semester

ii

Course

New

Marks:

70

Time:

11.00 a.m to 2.00 p.m

Instruction: Candidates should read carefully the instruction printed on the question paper and on the cover of the Answer Book, which is provided for their use.

NB:1. Answer to each new question to be stated on fresh page.

2. Figure in bracket indicate full marks

Q. 1. Define (Any 02) :

[10 Marks]

- a. "Transfer" of a capital asset as per Section 2 (47) of the I.T. Act.
- b. Annual Value related to house property as per Income Tax Act
- c. Dealer under Sales Tax / VAT
- d. Inter state trade/ commerce under Sales Tax

Q. 2. Write Short Notes on (Any 2):

[10 Marks]

- a. Deduction in respect of interest on loan taken for higher education Sec.80 E of I.T. Act
- b. Valuation of excisable goods with special reference to retail sale price
- c. Various types of duties that can be levied under the Indian Customs Laws
- d. The provision of the I.T. Act. 1961 regarding: Conversion of capital assets to stock in trade
- e. Sales tax in case of Export from and import into India

Q. 3. Answer (Any 03) :

[30 Marks]

- a. Explain the concept of green channel and red channel under Customs Laws. Also discuss their significance.
- b. What are the provisions under I.T. Act. regarding set off and carry forward of losses? Can non-speculative (regular) business losses be set-off against speculation business profits?
- c. Discuss the concept of arm's length price as envisaged in Section 92C(I,T Act)
- d. Elucidate up on levy collection of excise duty in India.
- e. Explain the basis of liability for payment of Service Tax and its due dates for filing return and payment of tax.

Q. 4. A)

[10 Marks]

From the following P&L A/c for the YE 31.03.2010 of XYZ stores, calculate the net taxable income of Mr.X, sole proprietor of AY 2010-11.

Profit & Loss Account for the year ending 31.03.2010

| | Rs. | | Rs. |
|--|--------|--|--------|
| Sales Tax | 5000 | Gross Profit | 390000 |
| Salary to staff | 45000 | | |
| Rent (Includes Municipal Tax on let out property Rs2000) | 6000 | Dividends from ICICI Ltd. | 6400 |
| Postage & Telephone | 13000 | Interest on fixed deposit with ICICI Bank Ltd. | 5600 |
| Income tax | 12000 | Gifts from clients | 5000 |
| Furniture Purchased (01.11.2009) | 12000 | Interest on post office saving a/c | 5000 |
| Printing & Stationery | 8500 | Rent received on property let out | 6000 |
| Proprietor's salary | 10000 | | |
| Depreciation | 9000 | | |
| Insurance | 9000 | | |
| Office expenses | 23000 | | |
| Interest | 10000 | | |
| Net Profit | 255500 | | |
| Rs. | 418000 | Rs. | 418000 |

Additional Information:

- a) Depreciation allowable is Rs.14000 (Excluding on furniture purchased on which 10% rate is applicable).
- b) Office expenses includes Rs.2000 being help towards a poor student and Rs.6000 penalty for violation of Law.
- c) Insurance includes Rs.4000 amount paid for life insurance for self and spouse and Rs.5000 in respect of Mediclaim policy for self and family which is paid in cash.
- d) Printing and Stationery includes Rs.3500 incurred for printing wedding invitations for Mr.X's daughter.
- e) Salary to staff includes Rs.3000 paid to a relative aged 35 years who was helping Mr.X with his work
- f) Office expenses include Rs.6000 deposited in an approved pension scheme.
- g) Interest includes interest on loan taken for higher education of son of Rs.5000/-.
- h) Sales Tax of Rs.5000 includes sales tax provision made of Rs.3000

Q. 4. B)

[10 Marks]

A businessman owns two house, particulars of which are given below:

| | House I Rs. | House II Rs. |
|---|------------------------|-------------------------------------|
| Reasonable letting value | 205000 | 180000 |
| Rent receivable (pm) | --- | 18000 |
| Municipal taxes paid during the year | 15000 | 10000 |
| Fire Insurance premium | 4000 | 1700 |
| Lease Rent (due but not paid) | 3500 | 1900 |
| Interest on capital borrowed for financing acquisition of house property, due for the year) | 30000 | 12000 |
| Nature of occupation | Self Occupied | Let out for residence for 11 months |

Determine his income from house property for the assessment year 2010-11.

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