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**III Semester M.B.A. Examination, May 2022****(CBCS – 2014-15)****MANAGEMENT****Paper – 3.3.2 : Corporate Tax Planning and Management**

Time : 3 Hours

Max. Marks : 70

**SECTION – A**Answer **any five** questions, **each** carries **5** marks :**(5×5=25)**

1. Describe the division of taxable entities for the purpose of determining residential status.
2. Distinguish between tax planning and tax management.
3. Value of the supply of goods and services of the manufacturer in inter-state is ₹ 3,000, the value of supply of goods and services within the state is ₹ 2,000. IGST rate on supply of goods and services is 12%, CGST and SGST rate is 6% each. Value of receipt of goods and services within the state is ₹ 1,500, SGST and CGST rate on receipts is 6% each. Calculate tax liability.
4. Explain customs duty.
5. A company requires a component from the following information, suggest to the company whether it should make the component or buy it from the market. Making the component a new machine will be purchased for ₹ 20,00,000 after 5 years it will be sold for ₹ 5,00,000. If there is any loss on sale of the machine, it will be set-off against any other STCG. Rate of depreciation 15% manufacturing cost of the component.

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I year – 15,00,000

II year – 18,00,000

III year – 20,00,000

IV year – 22,00,000

V year – 24,00,000

Rate of Tax 30% buying the component cost.

I year – ₹ 18,00,000, II year – ₹ 21,00,000, III year – ₹ 23,00,000,  
IV year – ₹ 25,00,000, V year – ₹ 28,00,000.

P.T.O.



6. Mr. Sharath a proprietor of Royal Security Agency received ₹ 5,00,000 buy an account payee cheque as advance while signing a contract with Deepa Chemicals Limited for providing security services. She receives rupees 10,00,000 by credit card while providing the service and another rupees 2,00,000 buy a pay order on January 31<sup>st</sup>, 2020, from Deepak Chemicals Limited. All 3 transactions took place during Jan. 2020. Advise Mr. Sharath on his liability towards the value of taxable services and service tax bill payable by Sharath.
7. Santosh a registered dealer, based in Karnataka the following information, compute net IGST payable :
- Import of raw materials from Tamil Nadu ₹ 2,10,000
  - Raw materials purchased from Kerala ₹ 2,24,000
  - Raw materials purchased from Karnataka ₹ 95,000
  - Transportation and manufacturing ₹ 67,000.
- The entire stock was sold at a profit of 10% of the cost of production. IGST rate on such sales 18%.

### SECTION – B

Answer **any three** questions, **each** carries **10** marks :

(10×3=30)

8. Mr. X (ROR and age is 67 years) during the PY 2020-21 has a rental income from a house in Delhi ₹ 6,00,000 and ₹ 7,00,000 the income accrued in the USA (and received there). Tax paid in foreign country is ₹ 1,35,980. Compute the amount of tax payable by Mr. X for the AY 2021-22.

What are the procedures and practices involved in the assessment of an Indian company according to the Income-tax Act 1961 ?

9. Explain in detail the provisions for chargeability of excise duty by providing suitable examples.
10. American limited company imported a machine from USA of CIF prices \$3300. From the following information determine the accessible value and customs duty payable.
- A) Flight from America to Indian airport \$330
  - B) Insurance \$75
  - C) Design and development charges paid to a consultancy firm in USA \$1000



- D) The company also spent an amount of rupees 7,600 in India for the installation of the machine
  - E) Exchange rate as notified by CBE and C is ₹ 60 is = \$1
  - F) BCD payable is 13%
  - G) Social welfare surcharge is at 10%.
11. Write a short note on down matching, reversal and reclaim of input tax credit, Sec. 42 of GST Act, 2017.

SECTION – C

**Compulsory Question :**

**(15×1=15)**

12. XYZ Ltd. needs a component in an assembly operation. It is contemplating a proposal to either make or buy the aforesaid component.
- 1) If the company decides to make the component itself, it would need to buy a machine for ₹ 8 lakhs which would be used for 5 years. Manufacturing costs in each of the 5 years would be ₹ 12 lakhs, ₹ 14 lakhs, ₹ 16 lakhs, ₹ 20 lakhs and ₹ 25 lakhs respectively. The relevant depreciation rate is 15%. The machine will be sold for ₹ 1 lakh at the beginning of the sixth year.
  - 2) If the company decides to buy the component from the supplier, the component would cost ₹ 18 lakhs, ₹ 20 lakhs, ₹ 22 lakhs, ₹ 28 lakhs and ₹ 34 lakhs respectively in each of the five years. The relevant discounting rate and tax rate are 14% and 34.944% respectively. Additional depreciation is not available. Should XYZ Ltd. make the component or buy it from outside ?
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