

22U677

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Name:

Reg. No:

SIXTH SEMESTER B.Com. DEGREE EXAMINATION, APRIL 2025

(CBCSS-UG)

(Regular/Supplementary/Improvement)

CC20U BCM6 B15 – CORPORATE TAXATION AND TAX PLANNING

(Commerce: Taxation – Elective Course)

(2019 Admission onwards)

Time: 2 ½ Hours

Maximum: 80 Marks

Credit: 5

Section- A

Answer *all* questions. Each question carries 2 marks.

1. What is Book Profit?
2. Who is the Principal Officer of a company?
3. What is Special Economic Zone in Tax?
4. Define Minimum Alternate Tax.
5. What is PAN?
6. Define Qualifying Company U/S 115 VC.
7. What do you mean by domestic company?
8. What is DDT?
9. What is Tax holiday?
10. What do you mean by Export Processing Zone?
11. What is tax Planning?
12. What do you mean by closely – held company?
13. Define Foreign Company.
14. What is bonus shares?
15. What is lease?

(Ceiling: 25 Marks)

Section B

Answer *all* questions. Each question carries 5 marks.

16. What are the necessary adjustments to be made to Net Profit of the Company to convert it into Book Profit for computation of Minimum Alternate Tax?
17. How will you determine the residential status of a company?
18. State Tax Holiday Provisions with regard of companies engaged in Development of Special Economic Zone.

(1)

Turn Over

19. What are the tax Planning Provisions in respect of Make or Buy decision?

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20. X Ltd submits the following particulars of its Income of the Previous Year ended March 31,2024:

Rs

Profits of business after deduction of donations	
to approved charitable institution	3,40,000
Donations to charitable institution by cheque	50,000
Interest on Government Securities	20,000
Dividend from domestic company (Gross)	60,000
Long term capital gain	1,00,000

During the Financial Year 2023-24 the company deposits Rs 50,000 in IDBI. The company distributed a dividend of Rs 1,00,000 on 06-09-2023.

Compute the taxable income of the company and tax payable by it for the AY 2024-25.

21. ABC Ltd's Capital Structure consisting of 7,500 equity shares of Rs100 each. The management is planning to raise another Rs2,00,000 to finance a major expansion and is considering three alternative methods of financing.

1. To issue 20,000 equity shares of Rs100 each.
2. To issue 20,000, 8% preference shares of Rs100 each
3. To issue 20,000 ,8% debentures of Rs100each

The company's expected earnings before interest and taxes will be Rs 6,00,000. Comment which alternative is best and why?

22. Mr. Ram is running a stationery store in his building. The turnover of the store during the PY 2023-24 was Rs 55,00,000 and he declared income as per the provisions of section 44AD. After computing the income @8% of such turnover of Rs 55,00,000 he wants to claim further deduction on account of the items:

1. Salary paid to accountant Rs 90 ,000
2. Depreciation on shop building Rs1,92,000
3. Deprecation on computer system Rs 2,60,000
4. Insurance premium of shop Rs16,000

Can he claim deduction on account of above expenditure?

23. From the following information you are required to compute tonnage tax payable by a shipping company for the assessment year 2024-25.

The Company has two qualifying ships. The net tonnage of First ship is 28,729 tons and for second ship is 16,550 tons. Ship 1 runs for 365 days and Ship 2 for 150 days during the previous year Turnover of core activities is Rs 30 lakh and profit from incidental activities is Rs 8 lakh.

(Ceiling: 35 Marks)

(2)

Section C

Answer any *two* questions. Each question carries 10 marks.

24. Briefly explain Tax management? Distinguish between tax planning and tax management.

25. What are the Provisions related to income of shipping business?

26. From the following information which alternative is better: lease or buy decision.

Cost of machine Rs 2,00,000

Asset sold for Rs10,000 at the end of fifth year, lease rent Rs 64,000 p.a. for 5yrs.

Cost of capital 12%, Tax rate 35%, Depreciation rate 25%

Year	I	II	III	IV	V
Present value Rs. 1 discounted @12%	0.893	0.797	0.712	0.636	0.567

27. X Ltd is a widely held company. The information related with its income for the financial year2023- 24 is given below

Rs.

Income from business	1,20,00,000
Interest on government securities	40,000
Short term capital gain	60,000
Long term capital gain	1,20,000
Dividend from domestic company(gross)	40,000
Dividend from foreign company	10,000
Book Profit U/s 115J	75,00,000

During the previous year the company donated Rs 2,00,000 to National Fund for Control of Drug Abuse by cheque. You are required to calculate the total income and the amount of tax payable by the company.

(2 × 10 = 20 Marks)

(3)