Reg. No. \_\_\_\_\_\_\_\_\_\_\_\_\_



**End Semester Examination – Nov / Dec – 2019**

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| **Code :** | **18MS3016** | **Duration :** | **3hrs** |
| **Sub. Name :** | **INCOME AND CORPORATE TAXATION** | **Max. Marks :** | **100** |

**ANSWER ALL QUESTIONS (5 x 20 = 100 Marks)**

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| **Q. No.** | **Sub Div.** | **Questions** | **Course**  **Outcome** | **Marks** |
| 1. | a. | Intra State Vs Inter State supply under Goods and Service Tax – Discuss the importance and its implications with suitable illustrations. | CO1 | 10 |
| b. | Elaborate upon the Constitutional Provisions related to Goods and Service Tax. | CO1 | 10 |
| **(OR)** | | | | |
| 2. |  | Explain the Business Process on Return under Goods and Service Tax. | CO2 | 20 |
|  |  |  |  |  |
| 3. | a. | X, an employee of PQ Co. Ltd., receives Rs. 78,000 as gratuity. He is covered by the Payment of Gratuity Act, 1972. He retires on December 12, 2016 after rendering service of 38 years and 8 months. At the time of retirement his monthly basic salary and dearness allowance was Rs. 2,400 and Rs. 800 respectively. Is the entire amount of gratuity exempt from tax? | CO1 | 10 |
|  | b. | X, a marketing specialist in Bombay, is working with two companies, viz., A Co. and B Co. He retires from A Co. on November 30, 1988 (salary at the time of retirement : Rs. 2,600) and receives Rs. 22,000 as gratuity out of which Rs. 20,000 is exempt under section 10 (10) (iii). He also retires from B Co. on December 10, 2016 after 38 years and 8 months of service and receives Rs. 3,90,000 as death-cum-retirement gratuity. His average basic salary drawn from B Co. for the preceeding 10 months enduing on November 30, 2016 is Rs. 18,22200 per month. Besides, he has received Rs. 1,000 per month as dearness allowance, 80 per cent of which forms part of salary for the purpose of computation of all retirement benefits (for provident fund 85 per cent is considered) and 6 per cent commission on turnover achieved by him. Total turnover achieved by him during 10 months ending on November 30, 2016 is Rs. 2,00,000. Determine the amount of gratuity exempt under section 10(10) (iii) for the assessment year 2017-18. | CO2 | 10 |
| **(OR)** | | | | |
| 4. |  | X purchases a house property for Rs. 76,000 on June 30, 1967. The following expenses are incurred by him for making additions/alteration to the house property:   |  |  | | --- | --- | |  | **Cost in Rs.** | | Cost of construction of first floor in 1975-76 | 1,10,000 | | Cost of construction of the second floor in 1983-84 | 3,40,000 | | Alteration/reconstruction of the property in 1992-93 | 2,90,000 |   Fair market value of the property on April 1,1981 is Rs.4,50,000 The house property is sold by X on June 15, 2016 for Rs. 99,50,000 (expenses incurred on transfer: Rs. 10,000).  Compute the capital gain chargeable to tax in the hands of X for the assessment year 2017-18.  **Cost Inflation Index:**   |  |  | | --- | --- | | **Previous Year** | **CII** | | 1981-82 | 100 | | 1983-84 | 116 | | 1992-93 | 223 | | 2016-17 | 1125 | | CO2 | 20 |
|  |  |  |  |  |
| 5. |  | Income of X (age: 31 years) and Mrs. X (age : 30 years for the previous year 2016-17 is as follows:   |  |  |  | | --- | --- | --- | |  | **X**  **Rs.** | **Mrs. X**  **Rs.** | | Salary from B Ltd. | 5,20,000 | Nil | | Business Income | 10,00,000 | 1,60,000 | | Bank Interest (fixed deposit) | 3,70,000 | 90,000 | | Total Income | 18,90,000 | 2,50,000 | | Tax | 4,03,760 | NIL |   X is employed by B Ltd. (salary being Rs. 40,000 per month and one month’s salary as bonus) without any technical or professional or educational qualification. Mrs. X holds 20 lper cent equity share capital in B Ltd. from March 20, 2017. Find out the net income of X and Mrs. X for the assessment year 2017-18. | CO2 | 20 |
| **(OR)** | | | | |
| 6. |  | For the assessment year 2017-18, X (age: 38 years), a non-resitdent individual, furnishes the following information:   |  |  | | --- | --- | |  | **Rs.** | | Income from house property | 2,18,500 | | Business Income | 1,05,000 | | Short-term capital gains | 4,22,000 | | Long-term capital gains | 2,02,500 | | Income from owning and maintaining race horses | 1,15,000 | | Income from card games | 2,16,000 | | Besides X has the following brought forward losses / allowances: | | | Brought forward business loss of the A.Y. 2012-13 | 1,12,000 | | Unabsorbed depreciation allowance of the A.Y. 2010-11 | 2,06,000 | | Long-term capital loss in respect of the A.Y. 2015-16 | 2,47,200 | | Brought forward loss from the activity of owning and maintaining race horses of the A.Y. 2014-15 | 1,25,000 | | Speculation losses of the A.Y. 2013-14 | 30,000 |   Determine the net income and tax liability of X for the assessment year 2017-18. | CO2 | 20 |
|  |  |  |  |  |
| 7. |  | Discuss on the different types of Customs Duty in India. | CO1 | 20 |
| **(OR)** | | | | |
| 8. |  | Find out the Customs duty from the information given below in respect of goods imported by X Ltd.:-   |  |  |  | | --- | --- | --- | | **Particulars** | **USD** | **Rs.** | | Free on board value of Plant imported (FOB) | 70,000 |  | | Air fare paid to Air Cargo Germany | 10,000 |  | | Exchange rate notified by Central Board of Excise and Customs on the day of landing of aircraft |  | 53 | | Exchange rate notified by Central Board of Excise and Customs on the day of presentation of bills of entry |  | 55 | | Cost of packing borne by X Ltd. in USA (not included in FOB) | 500 |  | | Demurrage paid by X Ltd. to Air Cargo Germany for not lifting goods in time in India |  | 90,000 | | Insurance charges |  | 1,10,000 | | Loading/unloading charges, handling charges |  | 10,000 | | Basic customs duty |  | 10% | | Countervailing duty |  | 12.5% | | Special CVD |  | 4% | | CO3 | 20 |
|  | | **Compulsory**: |  |  |
| 9. |  | X owns a residential property in Chennai. It is let out to A Ltd. (rent being Rs. 40,000 per month). Municipal value of the property is Rs. 2,20,000, fair rent is Rs. 4,80,000. A Ltd. pays municipal tax. On April 7,, 2016 rent is increased from Rs. 40,000 per month to Rs, 45,000 per month with respective effect from April 1, 2015. X gets Rs. 60,000 (being arrears of rent for the financial year 2015-16) on April 20, 2016. Find out the net income of X for the assessment year 2017-18 on the assumption that his income from other sources is Rs. 5,00,000. | CO3 | 20 |