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SARDAR PATEL UNIVERSITY

M. Com. (CBCS) (Semester – I)

Friday, 26st October2018
10.00AM to 1.00PM

COURSE TITLE: DIRECT TAX PLANNING-I **CODE NO.: PB01ECOM25**

Notes:

1. **Right side of figures indicates full marks of Question.**
2. **Answer to the Two Sections should be written Separately in the same Answer Book (Maximum Marks: 70)**

	SECTION I	
Q-1	[A] Discuss the tax rates for Individual, Firm, Company and HUF. [B] Write a note on 'Security Transaction Tax'	**(10)** **(07)**
	OR	
Q-1	**[A]** Determine the taxability of Dr. Raju Rathod from following income in the hands of resident and ordinary resident, resident but not ordinary resident and non resident for the PY 2017-18. (1) Interest on UK bonds (50% received in India) Rs. 10000 (2) Income from business in Chennai (50% received in India) Rs. 20000. (3) Profit on sale of shares of Indian company, received in London- Rs. 20000 (4) Profit on sale of shares of Indian company, received in U.S.A – Rs. 5000 (5) Profit on sale of plant at Germany (50% of profit received in India) Rs. 40000 (6) Income earned from business in Germany, which is controlled from Delhi – Rs. 70000 (Rs. 40000 received in India) (7) Profit from business in Delhi but managed entirely from London Rs. 15000 (8) Rent from property in London , deposited in Indian bank at London, Brought to India – Rs. 50000. (9) Interest for debentures in an Indian company received in London – Rs. 12000 (10) Fees for technical service rendered in India but received in London- Rs. 8000 (11) Profit from a business in Bombay managed from London – Rs. 26000 (12) Pension for service rendered in India but received in Burma- Rs. 4000 (13) Income from property situated in Pakistan . received there – Rs. 16000 (14) Past foreign untaxed income brought to India during the previous year- Rs. 5000 (15) Income from agriculture land in Nepal, received there and then brought to India- Rs. 18000 (16) Income from profession in Kenya which was set up in India, received there but spent in India – Rs. 5000 (17) Gift received on the occasion of his wedding - 2000 (18) Interest on saving bank deposit in State bank of India – Rs. 10000 (19) Income from business in Russia, controlled from Russia Rs. 20000 (20) Dividend from Reliance Petroleum Limited an Indian company - Rs. 5000	**(10)**
	[B] Indian citizen and businessman Shri Raj Gopal, who resides in Jaipur, went to Germany for employment purpose on 15-08-2018 and came back to India on 10-11-2018. He has never been out of India in past. a) Determine his residential status for the AY-2019-20. b) Will your answer be different if he had gone on a leisure trip?	**(07)**

(PTO)

Q-2	Discuss the salient features of Assessment of Firm. Also discuss Section 184 and 40(b)	**(18)**
	OR	
Q-2	Following is the Profit & Loss Account of R, G and S a Partnership Firm which is assessed as a firm for the year ended 31-3-2019: (Profit Sharing Ratio 3:2:1)	**(18)**

		Rs.		Rs.
Salary of Staff		40,000	Gross Profit b/d	12,92,000
Business Expenses		13,800	Interest from Govt. Sec.	15,000
Interest on Bank Loan		12,000	Interest from Bank	13,000
Salary of Partners:				
R	48,000			
G	36,000			
S	30,000	1,14,000		
Commission to S		12,000		
Interest on Capital				
R	9,000			
G	6,000			
S	6,000	21,000		
Provision for Bad Debts		3,200		
Depreciation		26,000		
Donation to Chief Minister's Flood Relief Fund		3,000		
Share of Profit				
R	5,37,500			
G	3,58,166			
S	1,79,166	10,75,000		
		13,20,000		13,20,000

(1) Depreciation allowable as per Income-tax Rules is Rs. 31,000.
(2) On 15-08-2019 the firm paid Sales Tax Liability of Rs. 20,000 relating to the previous year 2017-2018.
(3) Both the opening and closing stock of Rs. 81,000 and Rs. 90,000 respectively are undervalued by 10%.
(4) The partnership deed provides:
   (a) Partners will share Profit & Loss in the ratio of 3:2:1.
   (b) Partnership salary payable to R, g and S @ Rs. 4,000, Rs. 3,000 and Rs. 2,500 per month respectively.
   (c) Interest on capital payable to R, G and S is @ 12%.
   (d) Commission will be payable to S @ ¼% of purchase which amounted to Rs. 48,00,000.

Compute taxable income of the firm for the assessment year 2019-20.

	SECTION II	
Q-3	Write a note on: Tax on Distributed Profit of Domestic Company Set off and carry forward of loss of certain companies	**(17)**
	OR	
Q-3	[A] Sagar ltd (Indian Company) furnishes the following details, find out MAT, TAX credit available, set off of tax credit and balance tax credit for that period (Rs. in lacks) Assume the tax rates remain same all these years.	**(17)**

Previous Year	Income	Book Profit
2013-2014	80	150
2014-2015	100	160
2015-2016	110	180
2016-2017	120	190
2017-2018	150	200
2018-2019	160	250

[B] Define Company, Indian Company, Foreign Company and Investment Company.

Q-4 Write note on: Any Two **(18)**

(1) PAN

(2) TDS

(3) Advance Tax

(4) Find out advance payment of tax for the following person during the PY 2016-17.

Person	Mr. X (Age-25 Years)	Mr. Y (Age- 42 Years)	AB Firm (Firm of Mr.A and Mr. B)	Single Ltd (Domestic Company)	Double Ltd (Foreign Company)
Tax Liability (Rs.)	6000	100000	500000	2 Crore	6 Crore

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