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III Semester M.B.A. Degree Examination, June/July - 2023

MANAGEMENT

Corporate Taxation for Managers

(CBCS Scheme)

Paper : 3.2.2

Time : 3 Hours

Maximum Marks : 70

SECTION - A

Answer any FIVE of the following questions. Each question carries 5 marks. (5×5=25)

- Discuss the factors you will consider in making tax planning decision regarding Make or Buy.
- Define Supply and explain the different types of Supply.
- Explain the types of returns under GST.
- Discuss the Import and Export Procedure under Customs duty.
- On 1st April, 2021 the WDV of assets comprising 10 machines in the production department is Rs.12,50,000 (rate of depreciation 15%). A new machine falling within that block is acquired on 15th December 2021 for Rs.2,00,000. On 24th January, 2022 all the 10 machines were sold for Rs.50,000 leaving only the newly acquired machine in the block. Compute the amount of depreciation and WDV for the Assessment 2022-2023.
- Mrs. Z, an Indian Resident who was on visit to China, returned after 6 months she was carrying with her:
 - Personal effects Rs.95,000
 - Laptop computer Rs.80,000
 - Jewellery 25 grams (purchased in China) 97,000
 - Music system Rs.60,000
 - Travel souvenir Rs.80,000
 - 120 sticks of Cigarettes of Rs.100 each Rs.12,000
 - Fire arm with 100 cartridges (value includes the value of cartridges at @Rs.500 per cartridge) 1,00,000 compute the customs duty payable by the passages.
- Suman Ltd a registered supplier in Mumbai (Maharashtra), has supplied goods to Sonal Traders and Jiswa Motors Ltd. located in Ahmedabad (Gujarat) and Pune (Maharashtra) respectively. Suman Ltd. has furnished the following details for the current month:

Sl. No	Particulars	Sonal Traders	Jiswa Motors Ltd
1	Price of the Goods (Excluding GST)	25,000	20,000
2	Packing charges	800	
3	Commission	600	
4	Weighment charges		15,00
5	Discount for prompt payment (recorded in the invoice)		700

[P.T.O.]



Items given in points 2 and 4 have not been considered while arriving at price of the goods given in point 1 above. Compute the GST liability (CGST and SGST or IGST as the case may be) of Suman Ltd. for the given month. Assume the rates of taxes to be as under:

CGST and SGST @ 9% respectively and IGST @ 18%. Make suitable assumptions, wherever necessary.

Note: The supply made to Sonal traders is an inter state supply.

SECTION - B

Answer any **Three** of the following questions. Each question carries 10 marks. (10×3=30)

8. Explain any five corporate deductions u/s 80 as per income Tax Act, 1961.
9. Sun Ltd. of Surat imported a machine through vessel from Japan, in the month of September and has furnished the following details.

Particulars	Amount in Japanese Yen(¥)
Cost upto port of exportation incurred by exporter	5,00,000
Loading charges at port of exportation	1,25,000
Freight charges from port of export to port of import in India	50,000

Following additional amount paid by Sun Ltd.

- a) Design charges, necessary for such machine, paid to consultancy firm in Mumbai Rs.9,50,000
- b) Commission paid (Not the buying commission) to local agent of export Rs.20,000
- c) Actual landing charges paid at the place of importation
- d) Actual insurance charges paid to the place of importation are not ascertainable
- e) Lighterage charges paid at the port of importation Rs.30,000.
- f) The rate of BCD is 10% and the rate of social welfare surcharge is 10% integrated tax leviable under section 3(7) of customs tariff Act, 1975 is 12%. The rate of exchange to be taken is or



Sl. No	Particulars of inward supply	GST (Rs.)
1.	Goods purchased with valid tax paying invoice	28,000
2.	Goods purchased without invoice	30,000
3.	Goods purchased but not used for business purposes	17,000
4.	Goods purchased and used for supplying exempted goods and services	16,000
5.	Goods purchased from Vimal against which full payment made by Karan LTD to Vimal but tax has not been deposited by Vimal	41,000
6.	Purchase of goods from PQR Ltd (Invoice of PQR Ltd. is received in July 2021 but goods were received in the month of August 2021)	21,000
7.	Goods imported from China in respect of which Bill of Entry is available with Karan Ltd.	16,000
8.	Goods purchased against valid invoice in respect of which tax has been deposited	20,000

You are required to determine the amount of ITC admissible to Karan Ltd. for the month of July 2021.

SECTION - C

12. Case Study (Compulsory)

(15×1=15)

The statement of profit and loss of Green Ltd., a domestic company, for the year ended 31st March, 2022 is given below:

Statement of profit and loss
(For the year ended 31st March, 2022)

Particulars	Amount (Rs.)
I. Revenue from operations	31,50,000
II. Other Income	
LTCG	5,80,000
III. Total Income	37,30,000
IV. Expenses:	
Cost of material consumed	10,20,000
Purchase of stock in trade	---
Changes in inventories of finished goods, WIP, and stock in trade	---
Employee benefit expenses	---
Other expenses:	
Expenses related to sale of other goods	8,00,000
Provision for unascertained liabilities	45,000
Total expenses	18,65,000
V. Profit before tax	18,65,000

[P.T.O.]



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VI. Tax expenses		95,000
Income tax paid		
VII. Profit for the period (V-VI)		17,70,000
Surplus statement		
Profit and loss as per B/S (if any)		---
Current year's profit		17,70,000
Add: transfer from general reserve		40,000
		18,10,000
Less: Appropriations:		
Proposed dividend	9,50,000	
Transfer to general reserve	85,000	10,35,000
Balance of profit carried to B/S		7,75,000

Other relevant information are as follows:

1. An outstanding liability related to GST for 2020-2021 paid during 2021-2022 Rs. 1,00,000 which was not charged above statement of Profit and loss.
2. Brought forward loss as per books of account is 80,000 while the brought forward depreciation as per books of account is Rs.1,00,000.
3. Brought forward unabsorbed depreciation is Rs. 5,00,000.
4. Brought forward loss under the head capital gains is Rs. 3,30,000.

Compute the tax liability of Green Ltd. for the assessment year 2022-2023.