

Register Number:

Date:

**ST JOSEPH’S UNIVERSITY, BENGALURU -27**

**M.COM – III SEMESTER**

**SEMESTER EXAMINATION: OCTOBER 2023**

**(Examination conducted in November/December 2023)**

**MCODEA9420: CORPORATE TAXATION**

**(For current batch students only)**

**Time-2 hours Max Marks-50**

**This paper contains three printed pages and three parts**

**PART A**

**Answer any TWO of the following. Each question carries five marks. (2x5=10)**

1. XYZ Ltd. is an Indian company. In the financial year 2020-21, they incurred a business loss of Rs.2,50,000. In the financial year 2021-22, they had a profit of Rs.1,80,000, and in 2022-23, they incurred a loss of Rs.1,20,000. Calculate the amount of business loss that can be carried forward and set off against the profit in 2021-22 and the taxable income for 2022-23, as per Indian income tax rules.
2. The Net Profit of X Company Ltd., as per profit and loss account for the year ended 31.03.2022 is Rs. 17,50,000. From the following information **calculate the Book-Profit** of the Company under section 115JB for the assessment year 2022-23:

The following amounts are found debited to profit and loss account:

(Rs.) Excise Duty 1,50,000

Provision for Unascertained Liability 1,00,000

Loss of Subsidiary Company 2,00,000

Provision for Income Tax 2,50,000

Wealth Tax 5,000

 Proposed Dividend 9,95,000

The following amount is found credited to profit and loss account:

 General Reserve (withdrawal) 5,00,000

Additional information: Unabsorbed losses/ allowances brought forward from past year as per books of accounts prepared under Companies Act are as follows:

 (Rs.)

 Unabsorbed Business Loss (excluding depreciation) 2,65,000

 Unabsorbed Depreciation 3,50,000

1. List out inadmissible deductions as per Section 40 of the Income tax Act.

**PART B**

**Answer any TWO of the following. Each question carries fifteen marks (2x15=30)**

1. A. Prasanna, a postgraduate in Commerce started his business of providing sustainable CSR solutions and acquired the following assets in his office during 2021-22 at the cost shown against each item. Calculate the amount of depreciation that can be claimed from his professional income for A.Y.2022-23. Assume all the assets were purchased by account payee cheque.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Sl. No | Description | Date of acquisition | Date when put to use | Amount (Rs.) |
| 1. | Computer including computer software | 27.9.21 | 1.10.21 | 35,000 |
| 2. | Computer UPS | 2.10.21 | 8.10.21 | 8,500 |
| 3. | Computer printer | 1.10.21 | 1.10.21 | 12,500 |
| 4. | Books (of which annual publication Rs.12,000) | 1.4.21 | 1.4.21 | 13,000 |
| 5. | Office furniture | 1.4.21 | 1.4.21 | 3,00,000 |
| 6. | Laptop | 26.9.21 | 8.10.21 | 43,000 |

 10 marks

B. State the conditions to claim additional depreciation under Sec 32 5 marks

1. A domestic company ABC Ltd. furnishes the following particulars for A.Y.2022-23 and seeks your opinion on the applicability of section 115JB.
2. Profit as per Statement of Profit and Loss as per Companies Act 2013 ₹215 Lacs
3. Statement of Profit and Loss includes:
4. Credits: Dividend income from Indian companies ₹ 20 Lacs

Excess realised on sale of land held as investment ₹30 Lacs

1. Debits: Depreciation on straight line method ₹100 Lacs

Provision for loss of subsidiary company ₹60 Lacs

1. Depreciation allowable as per Income Tax Rules 1962 ₹150 Lacs
2. Short term capital gains on sale of land mentioned above ₹40 Lacs
3. Losses brought forward as per boos of accounts and Income Tax Act:

Business Loss ₹50 Lacs

Unabsorbed depreciation ₹60 Lacs

 The company has represented to you that the excess realised on sale of land cannot form part of Book Profit for the purpose of Section 115JB. The turnover of ABC Ltd. for the previous year 2021-22 was ₹40 crores.

 Compute the following:

1. Total Income as per Income Tax Act
2. Book profit under section 115JB
3. Tax liability as per normal provisions of Income Tax Act
4. Minimum Alternate Tax (MAT)

6. Provide an overview of the tax incentives available to both amalgamating and amalgamated companies during a merger or amalgamation.

**PART C**

**Answer the following question. The question carries ten marks. (1x10=10)**

7. Alpha Limited, a manufacturing company, has disclosed a net profit of Rs.12.50 lacs for year ended 31-3-22. You are required to **compute taxable income of the company** for A.Y.2022-23 after considering the following information, providing justification for the treatment of the items while calculating taxable income:

1. Advertisement expenditure debited to profit and loss account includes Rs.60,000 paid in cash to sister concern of a director, the market value of which is Rs.52,000
2. Repairs of plant and machinery debited to profit and loss account includes Rs.1,80,000 towards replacement of worn out parts of machineries. Such expenditure does not increase the future benefit from the asset.
3. A sum of Rs.6,000 on account of liability foregone by a creditor has been taken to general reserve. The original purchases was debited to profit and loss account in A.Y.2018-19.
4. Sale proceeds of import entitlements amounting to Rs.1,00,000 has been credited to profit and loss account, which the company claims as capital receipt not chargeable to income-tax.
5. Being also engaged in biotechnology business, the company incurred the following expenditure on in-house research and development as approved by the prescribes authority:
	1. Research equipment purchased Rs.1,50,000
	2. Remuneration paid to scientist Rs.50,000

The total amounts of Rs.2,00,000 is debited to profit and loss account.

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