

Roll No. ....

**UR-504**

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**M. B. A. (FT) (Third Semester)  
EXAMINATION, 2011**

**CORPORATE TAXATION**

**(FSF – 4)**

*Time : Three Hours*

*Maximum Marks : 80*

**Section – A**

**Note : Attempt any four questions. Each question carries 8 marks.**

1. “Tax planning is a legal and moral way of tax saving.” Discuss the statement and describe its importance.
2. Explain Residential status and Incidence of tax liability of a company.
3. “The loan capital contributes to saving of tax resulting a higher rate of return on owner’s equity.”. Do you agree with the statement ? If not, illustrate your answer by a suitable example.
4. Explain the tax considerations to be kept in mind while deciding on ‘shut-down or continue’ of a loss making business, which also has unabsorbed depreciation.
5. Write a note on “Tax incentives to amalgamated company”.
6. How is tax planning different from tax evasion ?

**P. T. O.**

7. X Ltd. has received rent of ₹90,000 from a rental property. Current year business profits were ₹80,000. Past years trade losses ₹1,50,000 have been brought down. It included a loss of ₹20,000 of a business which was wound up. Unabsorbed depreciation ₹33,000 of 2005-06 is brought forward. Determine gross total increase adjusting the loss under income tax provision.
8. A Ltd. has the following incomes for the financial year 2009-10 :
- Income from House property situated in London ₹40,000.
  - Profit from business in London controlled from India ₹1,20,000.
  - Profit from Kanpur Business ₹1,10,000.
  - Agriculture Income in India ₹10,000.
- Compute the income of Shri Ramesh for assessment year 2010-11, if A Ltd. is (i) Resident in India (ii) Non- resident.

#### Section – B

**Note :** Attempt any *three* questions. Each question carries 16 marks.

- Discuss the provisions regarding set-off of capital losses.
- Write short notes on the following :
  - Companies Profit Surtax Act.
  - Issue of Bonus Shares
- Discuss in details "Tax planning in relation to amalgamation of companies".

4. From the following information determine whether the assessee should purchase on asset or take on lease :
- Cost of assets ₹1,00,000.
  - Rate of Interest 10%.
  - Rate of depreciation 15%.
  - Repayment of loan by the assessee ₹20,000 p. a.
  - Rate of Tax 30.9%
  - Residual value ₹20,000 after five years.
  - Profit on the assessee ₹1,00,000 before depreciation, interest and tax/before lease rent and tax.
  - Lease rent ₹30,000 p. a.
5. A and B want to establish a business. They have two option for selecting form of organisation :
- Partnership firm :
    - 12% Interest on capital of ₹4,00,000 each.
    - Remuneration ₹13,000 per month each.
    - Remaining profits equally.
  - Company :
    - Capital ₹2,00,000 each.
    - Loan @ 15% ₹2,00,000 each.
    - Salary ₹13,000 per month each.
    - Remaining profits as dividend equally.
- Estimated income before interest and salary ₹8,00,000. Suggest whether they should form a partnership firm or company. Show your working, which option is better, from tax liability point of view.