

2010

CORPORATE TAXATION

SIXTH PAPER

Full Marks : 100

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

*Note : While answering the questions, effect of Finance
Act, 2009 is to be given.*

1. Answer any *five* from the following : 5×5=25

(a) Write a short note on the basis of charge
of income tax.

(b) (i) Should service tax be paid even if
not collected from the client or
service receiver?

(ii) Is service tax payable on free
service?

(c) Write a short note on small service
provider exemption available under
Service-tax Law.

- (d) How does VAT prevent cascading effect of taxation? Illustrate your answer with a suitable example.
- (e) A Ltd. owned six machines which were in use in its manufacturing business in March, 2009. The WDV of these machines at the end of previous year 2008-2009 was Rs 6,50,000. A new plant was bought for Rs 5,00,000 on 30.11.2009. Compute the claim to depreciation for the assessment year 2010-2011.
- (f) ABC Ltd., a unit established in SEZ, for providing various services, furnishes the following particulars of its first year of operation ended on 31.03.2010 :
- Total receipts from provision of
services = 50 lakhs
- Receipts from export of services
= Rs 40 lakhs
- Profit of business = 5 lakhs
- The plant and machinery used in the business have been depreciated @ 25% on SLM basis and depreciation of Rs 2 lakhs was charged to P/L A/c. The depreciation allowable u/s 32 of IT Act @ 15% was Rs 1,20,000.
- Compute the taxable income of the company.

- (g) Write about four exempted incomes u/s 10 of IT Act, 1961.

2. Answer any *three* from the following : $10 \times 3 = 30$

- (a) Briefly explain about the charge of service tax. 10

- (b) Briefly discuss about the provisions relating to deductibility of the following expenditures incurred for the purpose of business : 5+5

(i) Interest on capital borrowed

(ii) Bonus or commission to employees

- (c) State the special provisions in respect of certain undertakings or enterprises in North-Eastern States as laid down under Section 80IE of Income-tax Act, 1961. 10

- (d) (i) How would you compile income of the company? 7

(ii) How would you determine the final income-tax liability of the company? 3

3. Answer any *three* from the following : $15 \times 3 = 45$

- (a) X Ltd is a domestic company in which public are substantially interested. The particulars of its income are as follows :

(i) Business income—Rs 15,00,000

- (ii) Long-term capital gain on sale of land—Rs 75,000
- (iii) Interest on government securities—Rs 25,000
- (iv) Dividend from Indian company—Rs 30,000
- (v) Book profit u/s 115JB of IT Act—Rs 60,00,000

Compute the total income and tax liability of the company for assessment year 2010-2011.

The company distributed a dividend of RS 3,00,000 during the year. How much corporate dividend tax (CDT) is to be paid by the company and what is the due date of payment of CDT?

- (b) What do you understand by capital gains? Discuss its types. How are they computed?
- (c) Discuss briefly the law relating to carryforward and setoff of losses in computing total income.
- (d) (i) What is the tax treatment regarding cash payments in excess of limits prescribed in Section 40A(3)?

- (ii) What are the deductions allowable only on actual payment under Section 43B? 5
- (iii) XYZ Ltd. incurred capital expenditure of Rs 1,50,000 on 1.04.2009 for acquisition of patents and copyrights. What is the tax treatment of such expenditure in computing business income? 5
