

FINAL EXAMINATION

June, 2016

P-16(TMP)
Syllabus 2012

Tax Management and Practice

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right indicate full marks.

Wherever required, the candidate may make suitable assumptions and state them clearly in the answers.

Working notes should form part of the relevant answer.

All sub-divisions of a question should be answered continuously.

All questions in Income Tax relate to the Assessment Year 2016-17, unless stated otherwise.

Question No.1 is compulsory and answer any five from the rest of 7 questions.

1. (a) Choose the most appropriate alternative(s):

1×5=5

- (i) An application under section 12AA of the Income-tax Act for registration of a charitable or religious trust or institution is to be disposed of by the Principal Commissioner of Income-tax or Commissioner of Income-tax, by passing an order before the expiry of
- (A) 3 months from the end of the month in which the application for registration was received.
 - (B) 6 months from the date of submission of application by the trust or institution.
 - (C) 6 months from the date of completion of enquiry by the Principal Commissioner of Income-tax or Commissioner of Income-tax.
 - (D) 6 months from the end of the month in which application for registration was received.
- (ii) Which of the following conditions are to be satisfied for levy of Central Excise Duty? [If more than one condition is applicable, write both, say for example, A, B and C]
- (A) The final product should be excisable goods.
 - (B) Such product should be manufactured or produced.
 - (C) Such product should be owned by the manufacturer.
 - (D) Such manufacture or production should be carried out in India.
- (iii) In case of a company which is not an Indian company, the determining factor for its residential status under the Income-tax Act, 1961 is
- (A) whether there is a Permanent Establishment in India.
 - (B) whether atleast one executive director is a resident in India.
 - (C) whether the place of effective management is in India.
 - (D) None of the above

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- (iv) Input which is eligible for CENVAT credit is
- (A) medicines for use in company medical clinic.
 - (B) consumables used for maintenance of convention hall given on rent to outsiders.
 - (C) diesel used for vehicles used for transporting raw materials to factory.
 - (D) motor vehicles.
- (v) The rate of tax deductible at source on the interest income paid to non-residents by real estate investment trust (REIT) would be
- (A) NIL
 - (B) 5%
 - (C) 10%
 - (D) 30%

(b) Fill up the blanks:

1 × 5 = 5

- (i) Leasing of machinery with transfer of right to use _____ (is/is not) liable to service tax.
- (ii) Rate of surcharge applicable to a foreign company having total income of ₹ 12 crore is _____ %.
- (iii) Service provided by an Indian company to another Indian company by way of undertaking repairs to machinery located in Singapore is _____ (taxable /not taxable) for levy of service tax purposes.
- (iv) In order to claim exemption under section 54B in respect of capital gain from transfer of agricultural land, land should have been used for agricultural operation by the assessee or his parents for at least _____ years before transfer.
- (v) Penalty for non-registration of factory/warehouse under the Central Excise Rules would be up to ₹ _____.

(c) Answer the following with brief reasons:

2 × 5 = 10

- (i) An SSI unit omitted to file its return for the quarter ended 31.12.2015. It filed the return ER-3 on 10.02.2016. What is the maximum amount that can be collected as late fee for filing the return after the due date?
- (ii) What is the point of taxation when service tax is payable under reverse charge, where an invoice has been raised?
- (iii) Can a partnership firm or HUF with less than ₹ 50 lakhs turnover opt to pay service tax on receipt basis?
- (iv) The premises of Mr. Dayal was affected by cyclone leading to loss of stock to the extent of ₹ 2 lakhs and on that ₹ 80,000 was allowed as deduction in the income-tax assessment. After 2 years, the State Government awarded ₹ 2 lakhs as compensation to Mr. Dayal. How much of the receipt is chargeable to income-tax or exempt from income tax?
- (v) A proprietor declares his turnover for the financial year 2015-16 as ₹ 80 lakhs and wants to declare income under section 44AD of the Income-tax Act, 1961. He has brought forward business loss of ₹ 1 lakh and unabsorbed depreciation of ₹ 3 lakhs relating to assessment year 2015-16 eligible for set off. Compute his total income for the Assessment Year 2016-17.

