

FINAL EXAMINATION

December 2014

*P-16(TMP)
Syllabus 2012*

Tax Management & Practice

Time Allowed: 3 Hours

Full Marks: 100

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

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

Working notes should form part of the relevant answers.

All the questions relate to the assessment year 2014-15, unless stated otherwise.

SECTION A

Answer any five questions.

1. (a) Shree Ram Charitable Trust registered under section 12AA of the Income-tax Act, 1961 runs a school. During the year ended 31st March, 2014, it sold one building for a sum of ₹ 50 lacs. The building was acquired by the trust at ₹ 10 lacs in the year 2009-10.

The trust utilised ₹ 41 lacs out of sale consideration in construction of an additional school building.

Advise the trust on the taxable capital gain. 4

(Cost inflation indices are : FY 2009-10 632
FY 2013-14 939)

- (b) The Statement of Profit & Loss of Alpha Limited, a domestic company for the year ended 31st March, 2014 discloses a net profit of ₹ 120 lacs after debiting/crediting the following items :

(i) Provision for doubtful debts	₹ 2.40 lacs
(ii) Provision for income tax	₹ 18 lacs
(iii) Provision for deferred tax	₹ 9 lacs
(iv) Depreciation (including depreciation on revaluation of assets ₹ 3 lacs.)	₹ 15 lacs
(v) Provision from export in unit set up in Special Economic Zone (eligible for deduction under section 10AA)	₹ 22 lacs
(vi) Provision for loss of subsidiary company	₹ 20 lacs
(vii) Profit on sale of land held as capital asset for 10 years	₹ 10 lacs

The Company has informed you that the entire capital gain on sale of land was invested in bonds of Rural Electrification Corporation Limited within six months from the date of sale.

Please Turn Over

