

FINAL EXAMINATION

December 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.

Answer Question No.1 which is compulsory and answer any five from the rest.

1. (a) Fill up the blanks:

1×10=10

- (i) For a foreign company, surcharge on income-tax is applicable, where the total income exceeds ₹ _____.
- (ii) For transfer pricing provisions to apply, the monetary limit for specified domestic transactions is ₹ _____.
- (iii) A manufacturing company has acquired new machinery for ₹ 200 lakhs on 12-03-2015 and put the same to use. In respect of this machinery, the additional depreciation allowable for the assessment year 2016-17 is ₹ _____.
- (iv) Where donation of ₹ 30,000 is given in cash to a charitable trust recognised for section 80G purposes and the adjusted total income before grant of deduction u/s 80G is ₹ 6,00,000, the deduction allowable u/s 80G is ₹ _____.
- (v) Where a non-compete fee of ₹ 10 lakhs is paid to a resident Indian, the rate at which tax has to be deducted at source is _____.

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- (vi) Where a person renders a service to a SEZ developer on 12-03-2016, the rate of service tax chargeable is _____.
- (vii) Where three types of taxable services are rendered by an individual, _____ service tax return(s) has / have to be filed.
- (viii) Cenvat credit to be claimed on diesel purchased for generators used in factory is at _____ rate.
- (ix) The rate of service tax applicable in respect of a charitable institution conducting yoga classes would be _____.
- (x) Normally, the purchasing dealer has to issue C Form to the selling dealer, once in _____ months under the CST Act.

(b) Choose the most appropriate alternative for the following:

1×10=10

- (i) For an Indian citizen being a member of a ship bound for foreign trip leaving India, for prescribing the manner of computation of stay for determining the residential status under Income-tax Act, _____ has been authorised.
- (A) Central Government
(B) Parliament
(C) CBDT
(D) None of the above
- (ii) For the assessment year 2016-17, the following has been included in the definition of "Charitable purpose" under the Income-tax Act, 1961 :
- (A) Meditation
(B) Yoga
(C) Transcendental meditation
(D) None of the above

- (iii) For manufacturing industries set up in notified backward areas, the benefit of deduction available u/s 32AC of the Income-tax Act, 1961, calculated at a percentage of the actual cost of eligible assets is
- (A) 15%
- (B) 20%
- (C) 10%
- (D) 5%
- (iv) A block of buildings, all acquired on 01-01-2013 by ABC Ltd., was transferred in a scheme of demerger to R Ltd., effective from 01-04-2015, vide order of High Court pronounced on 12-06-2015. These buildings were sold by R Ltd., on 12-03-2016. For reckoning the period of holding of the asset, the starting date to be taken is
- (A) 01-01-2013
- (B) 01-04-2015
- (C) 12-06-2015
- (D) None of the above
- (v) An Individual aged 58 has paid medical insurance premium of ₹ 22,000 by way of account payee cheque and has incurred ₹ 5,000 by way of expenditure on preventive health check up. Deduction available u/s 80D of the Income-tax Act is ₹
- (A) 15,000
- (B) 22,000
- (C) 27,000
- (D) 25,000
- (vi) Rate of service tax on fees payable to Court or Tribunal is:

- (A) 14.5%
 - (B) 15.5%
 - (C) Nil
 - (D) None of the above
- (vii) Taxable event in the case of exportation of goods from India is when
- (A) Vessel leaves the Indian port.
 - (B) Vessel crosses Indian Territorial waters.
 - (C) Vessel crosses Indian customs station.
 - (D) None of the above
- (viii) DEF Ltd., a company incorporated in USA holds 39% shares in L Ltd., an Indian Company. It also holds 35% shares of M Ltd., a company incorporated in Singapore. For the transfer pricing provisions, L Ltd. and M Ltd. are
- (A) Not Associated enterprises because the shareholding of DEF Ltd., in each of these is less than 40%.
 - (B) Not Associated enterprises because the shareholding of DEF Ltd., in each of these is less than 45%.
 - (C) Associated enterprises because the shareholding of DEF Ltd., in each of these is more than 30%.
 - (D) Associated enterprises because the shareholding of DEF Ltd., in each of these is more than 26%.
- (ix) VAT credit is refundable
- (A) when such credit exceeds ₹ 5 lacs.

- (B) when the State Government passes an order to this effect.
- (C) when goods are exported.
- (D) in none of the above circumstances.
- (x) In the context of customs, APTA means
- (A) Asia Pacific Trade Agreement
- (B) Africa Pennsylvania Trade Agreement
- (C) Asia Pan-American Trade Agreement
- (D) None of the above

2. (a) Padmaja Granular Ltd., engaged in manufacture of generators, sold generators to Gautam Cotton Mills Ltd. for ₹ 45 lakhs. The following amounts were not included /adjusted in the above said amount:

- (i) Transit insurance from depot to buyer's premises ₹ 70,000
- (ii) Optional bought out accessories ₹ 50,000
- (iii) Delayed payment charges collected from the buyer ₹ 1,00,000
- (iv) Consultancy charges relating to design, layout of final product upto the place of removal ₹ 1,50,000
- (v) Special packing expenses for protecting the generator ₹ 3,00,000
- (vi) Notional interest on deposit taken from the buyer ₹ 1,25,000 which is reduced from sale price
- (vii) Trade discount ₹ 2,75,000

Compute the transaction value under the Excise Act, 1944, *adducing brief note for the treatment of each item above.*

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(b) BG Wires Ltd. engaged in manufacturing activity has furnished to you the following details regarding inputs received in the factory and input services used for manufacturing excisable products:

