



UNIVERSITY OF PETROLEUM AND ENERGY
STUDIES

End Semester Examination, December 2021

Course: Corporate Audit & Taxation
Program: B Com LLB TL

Course Code: CLTX 4006

Semester : VII

Duration : 03 hrs.

Max. Marks: 100

Instructions:

SECTION A
(Type the answers in test box)

Objective Type Questions/Definitions/fill in the blanks

5Qx2M=10 Marks

Q. No.		Marks	CO
1	A company would be resident in India in any previous year, if – (i)..... (ii).....	2	CO1
2	“Indian Company is always Domestic Company”. Examine the correctness of the statement.	2	CO1
3	What is the tax rate applicable on a domestic company under Income Tax Act 1961, if turnover of the company in FY 2018-19 does not exceeds Rs 400 crore?	2	CO2
4	What is the tax rate applicable on a domestic company under Income Tax Act 1961, if turnover of the company in FY 2018-19 exceeds Rs 400 crore?	2	CO2
5	What is the tax rate applicable on foreign company under Income Tax Act 1961?	2	CO2

SECTION B
(Scan and upload)

(Conceptual based question)

4Q x5M=20 Marks

Q. No.		Marks	
1	What is the basis of classifying a company between Closely held and Widely Held Company?	5	CO1
2	State the various surcharge rates applicable on a domestic and foreign company under Income Tax Act 1961.	5	CO2
3	State any five items which required adjustments while calculating Book Profit (Book profit is required for calculating MAT u/s 115JB).	5	CO3

4	Dev Mangal Retail Private Ltd. approaches you to get the legal clarity with respect to different audits applicable on it. You are required to explain in brief the concept of Tax Audit under Income Tax Act 1961 and Company Audit under Companies Act 2013.	5	CO3

SECTION-C

(Scan and upload)

(Descriptive/ Analytical Questions)

2Qx10M =20 Marks

Q.No.		Marks	CO
1	Mr Rahul is planning to start a new business. As a tax consultant, you are required to advise him on the following aspects on which tax planning can be done: a. Form of the organization b. Nature of the business c. Financial Structure d. Acquisition of Fixed Assets	10	CO4
2	Briefly explain the following: a. Form of Tax Audit report under Income Tax Act and due date for furnishing the same b. Appointment of Tax Auditor in a company	10	CO3

SECTION-D

(Scan and upload)

(Case Studies/ Application Based Questions)

2Qx25M = 50 Marks

Q.No.		Marks	CO
1	A. Specify with reason, whether the following acts can be considered as (i) Tax planning; or (ii) Tax management; or (iii) Tax evasion. (i) Mr. P deposits Rs 1,00,000 in PPF account so as to reduce his total income from Rs 5,90,000 to Rs 4,90,000. (ii) SQL Ltd. maintains register of tax deduction at source effected by it to enable timely compliance. (iii) An individual tax payer making tax saver deposit of Rs 1,00,000 in a nationalized bank. (iv) An individual raises invoice of Rs 5,00,000 for his services and further receive Rs 3,00,000 in cash (not accounted in his books of accounts) apart from Rs 5,00,000. (v) A company installed an air-conditioner costing Rs 75,000 at the residence of a director as per terms of his appointment but treats it as fitted in quality control section in the factory. This is with the objective to treat it as plant for the purpose of computing depreciation.	25	CO 4

(vi) A company remitted provident fund contribution of both its own contribution and employees' contribution on monthly basis before due date.

B. Mr John, a non-resident wants to start business in India. Since he has no legal knowledge of Indian Income Tax Act 1961, he approaches you for getting clarity on the following terms. As a tax advisor, you are required to explain in brief the following terms to Mr John.

- (i) International Transactions including deemed international transactions
- (ii) Associated Enterprises including deemed associated enterprises
- (iii) Arm's Length Price

2

Complete the following table after applying relevant provisions of MAT and Mat credit under Income Tax Act 1961. Working notes will form part of answer.

25

CO 3

Previous Year	MAT as per Section 115JB	Income Tax as per regular provisions	MAT Credit adjustment	Actual tax Payable	MAT Credit Balance
2018-19	9,00,000	7,90,000	?	?	?
2019-20	9,40,000	8,20,000	?	?	?
2020-21	7,60,000	8,00,000	?	?	?
2021-22	8,00,000	9,00,000	?	?	?