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**III Semester M.Com. Degree Examination, February/March - 2026****COMMERCE (Accounting and Taxation)****Corporate Tax Planning (Elective)****(CBCS Scheme)****Time : 3 Hours****Maximum Marks : 70****SECTION - A**

1. **Answer any Seven questions out of Ten. Each question carries 2 marks. (7×2=14)**
- What is the tax treatment of expenditure incurred in connection with amalgamation or demerger of an Indian Company.
  - State the relevant section and explain the tax treatment of expenditure incurred on repainting factory machinery to maintain its working condition.
  - Mention the section and quantum of deduction available for profits from the business of collecting and processing bio-degradable waste.
  - What deduction is available to eligible start-ups under Section 80-IAC? State the conditions to be fulfilled.
  - Write about the applicability of the provisions of Section 40A(3) of the Income-tax Act.
  - Mention any four specified businesses eligible for deduction under Section 35AD.
  - State the circumstances in which interest under Section 234C is not leviable for the first two instalments of advance tax.
  - What deductions are available to a company for expenditure on scientific research? Explain with reference to Section 35.
  - What is MAT? State the applicable rate of MAT under Section 115JB.
  - A power-generating unit following the Straight-Line Method (SLM) sells an asset for less than its Written Down Value (WDV). Discuss the resulting tax treatment.

**SECTION - B****Answer any Four questions out of Six. Each question carries 5 marks. (4×5=20)**

2. Write a brief note on disallowances under Section 40 with specific reference to:
- non-compliance with TDS provisions.
  - payments to related parties and
  - mode of payment.
3. From the following particulars, compute admissible depreciation and capital gain/loss for the previous year relevant to AY 2025-26:
- WDV of Building X and Y as on 1-4-2024 (Rate: 10%) - Rs. 3,80,000.  
Cost of Building Z purchased on 1-10-2024 (Rate: 10%) - Rs. 2,40,000.

**[P.T.O.]**



Consider the following independent cases:

- i) All buildings (X, Y and Z) are sold for Rs. 5,50,000.
  - ii) Buildings X and Y are sold for Rs. 3,00,000.
  - iii) Building X alone is sold for Rs. 90,000.
4. Marque Ltd., employed the following additional workmen during the Financial Year 2024-25:
- 12 employees on 02-05-2024 at a monthly salary of Rs. 24,500 each.
  - 10 employees on 01-06-2024 at a monthly salary of Rs. 22,500 each, out of which 3 employees do not participate in any recognised provident fund.
  - 5 employees on 01-07-2024 at a monthly salary of Rs. 26,000 each.
  - 20 employees on 01-01-2025 at a monthly salary of Rs. 23,000 each.

Compute the deduction allowable to Marque Ltd. under Section 80JJAA for the Assessment Year 2025-26.

5. Distinguish between intra-head and inter-head set-off of losses.
6. X Ltd., is currently considering a major expansion of its production facilities requiring an investment of Rs. 70,00,000 and the following alternatives to raise funds are available with it.

Particulars	Alternative 1	Alternative 2	Alternative 3
Equity Share Capital	15,00,000	30,00,000	70,00,000
14% Debentures	25,00,000	30,00,000	-
18% Bank Loan	30,00,000	10,00,000	-

The company expects a return of 25% from the proposed project and has decided to distribute all its earnings after tax to the equity shareholders. Basic Corporate tax rate applicable is 30%. No Surcharge. Cess at applicable rate.

Which alternative should the company opt with reference to tax planning?

7. Tax planning is optional, while tax management is essential. Discuss.

### SECTION - C

Answer any **Two** questions out of Four. Each question carries **12** marks. (2×12=24)

8. Corpus Ltd., a company assessee, paid advance tax during the Financial Year 2024-25 as follows:

- 12-06-2024 - Rs. 1,25,000.
- 15-09-2024 - Rs. 3,00,000.
- 15-12-2024 - Rs. 2,00,000.
- 13-03-2025 - Rs. 6,75,000.

The company reported the following income for the year:

- Profits and Gains from Business or Profession (PGBP) - Rs. 46,00,000.
- Interest on Bank Deposits - Rs. 3,50,000.

Tax deducted at source (TDS) credited to the company amounted to Rs. 70,000.

Compute the interest payable by Corpus Ltd., under Section 234C for the Assessment Year 2025-26.



9. Compute the amount of deduction under section 80G eligible to Alpha Manufacturing Ltd. for the Assessment Year 2025-26 from the following particulars:

Profits and Gains from Business or Profession - Rs. 12,40,000.

Bank Interest earned - Rs. 1,20,000.

Long Term Capital Gains - Rs. 6,50,000.

Deduction eligible u/s 80GGB for donation to a political party - Rs. 1,00,000.

**Additional Information:**

Donation to Prime Minister's National Relief Fund - Rs. 50,000.

Donation to an approved charitable institution (paid by cheque) - Rs. 1,20,000.

Donation of clothes to a charitable trust worth - Rs. 15,000.

Donation to Prime Minister's Drought Relief Fund - Rs. 25,000.

Donation to a poor boy to fund his education - Rs. 1,00,000.

Donation to Central Government for family planning - Rs. 25,000.

Donation to National Children's Fund - Rs. 40,000.

10. Detail India's existing corporate income tax rates for domestic and foreign companies (AY 2026-27), including base rates, surcharges, cess, and optional lower-tax regimes under Sections 115BAA and 115BAB with eligibility conditions.

11. Innovex Technologies Ltd., commenced its manufacturing operations on 01-09-2024. During the Previous Year 2024-25, the company incurred the following expenditure relating to scientific research.

You are required to compute the deduction allowable under Section 35 for the P.Y. 2024-25.

Date	Particulars	Amount (Rs.)
10-09-2024	Contribution to an approved university for research in engineering sciences	75,000
25-10-2024	Fees paid to an external research consultant (not an employee)	45,000
18-11-2024	Contribution to an approved National Laboratory	1,00,000
12-12-2024	Purchase of land and building for in-house research (cost of land Rs. 2,00,000)	6,50,000
20-12-2024	Purchase of equipment for research laboratory	2,80,000
01-09-2021 to 31-08-2024	Capital expenditure on scientific research (including land Rs. 1,20,000)	7,20,000
01-09-2021 to 31-08-2024	Purchase of raw materials for research	3,50,000
01-09-2021 to 31-08-2024	Salary paid to research staff (excluding perquisites)	2,40,000
01-04-2020 to 31-08-2021	Capital expenditure on scientific research (other than land)	4,80,000



01-04-2020 to		
31-08-2021	Salary paid to research staff	70,000
01-04-2019 to		
31-03-2020	Capital expenditure on scientific research	1,20,000
01-04-2019 to		
31-03-2020	Revenue expenditure on scientific research	50,000

Compute the deduction allowable to Innovex Technologies Ltd., under Section 35 for the Previous Year 2024-25.

**SECTION - D**

Answer the following question. This question carries 12 marks. (1×12=12)

12. Following is the Profit and Loss A/c of Capco Ltd., an Indian Company for the year ending 31.03.2025.

Particulars	Amount	Particulars	Amount
To Raw materials consumed	18,00,000	By sales	
To Rent	6,00,000	Export	50,00,000
To salaries and wages	12,00,000	Domestic	30,00,000
To Depreciation	4,00,000	By Closing stock	10,00,000
To Provision for Doubtful Debts	75,000		
To Bank Interest	50,000		
To Customs duty	40,000		
To Proposed dividend	1,00,000		
To Provision for tax	1,05,000		
To Net profit	46,30,000		
<b>Total</b>	<b>90,00,000</b>	<b>Total</b>	<b>90,00,000</b>

**Additional Information:**

- Interest on bank loan relating to the year 2023-24 has been paid during the previous year Rs. 1,00,000.
- Whole of customs duty and Bank interest is unpaid.
- Company is entitled to get deduction u/s 80G Rs. 1,00,000.
- For the purpose of income tax, depreciation is Rs. 3,40,000.
- In the past few years, company had suffered losses following balances are still unabsorbed:

Particulars	As per Income Tax Act	As per books of accounts
Depreciation	-----	3,50,000
Losses	34,50,000	4,00,000

**Calculate:**

- Total income of the company under normal provisions.
- Book profit and tax liability as per section 115JB.
- Tax Liability of the Company.