

EXAMINATION OF ARTICLED CLERKS
PAPER III

CORPORATE LAW & TAXATION LAW

Friday, 11th November, 2022

Time: 3 Hours (1:00 PM to 4:00 PM)

TOTAL MARKS – 100

PART I

Note:

- (1) Please answer all questions to the point.
 - (2) Answers should be reasoned and where possible supported by provisions of law and case law.
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1. Write short notes on any **two** of the following: 8 Marks
 - i. Penalties under the SEBI Act.
 - ii. Appeals to Securities Appellate Tribunal.
 - iii. Power of Central Government to supersede the Board.

 2. Answer any **two** of the following: 8 Marks
 - i. Who is a 'person acting in concert' under the SAST Regulations.
 - ii. What are the threshold limits for acquisition of shares / voting rights, beyond which an obligation to make an open offer is triggered?
 - iii. What are the typical steps and corresponding timelines, in an open offer process?

 3. Answer any **three** of the following: 9 Marks
 - i. Is trading in bonds in violation of PIT Regulations while in possession of UPSI? Why?
 - ii. What information should a listed company maintain in its structured digital database under Regulation 3(5) of the PIT Regulations?

iii. What is meant by pre-clearance? When is it required?

iv. A promoter gifts shares of the company to his friend who is not part of promoter group & not financially dependent on promoter: Is the gift of shares to be considered as trading under PIT Regulations? Does it require compliance with disclosure, pre-clearance and contra-trade restrictions?

4. Answer any **three** of the following: 9 Marks

i. Applicability of the LODR Regulations?

ii. Risk management committee.

iii. Corporate governance requirements with respect to subsidiary of listed entity.

iv. Obligations of Independent Directors under the LODR Regulations.

5. Write short notes on any **two** of the following: 8 Marks

i. Obligations of the merchant banker under the Buy-back Regulations.

ii. Buy-back through the Stock Exchange.

iii. Offer procedure.

6. Write a detailed note on any **one** of the following: 8 Marks

i. What is 'abuse of dominant position'? Explain the procedure for inquiry into abuse of dominant position?

ii. What are the offences punishable under the Competition Act, 2002? List the penalties under the act?

PART II

- Note:*
1. *Figures to the right indicate full marks.*
 2. *Answer should be legible and to the point.*
 3. *Reference to "the Act" means the Income Tax Act 1961.*
 4. *Please support your answers with the relevant provisions of the Act and case law.*

1. Write short notes on any three of the following: 12 Marks
 - i. Agent as a representative assessee.
 - ii. Appealable Orders.
 - iii. Void transfers.
 - iv. Aggregation of income.

2. V-Tech Ltd. took over the running business of Mr. X, a sole-proprietor. According to the Deed of Sale, V-Tech Ltd. Agreed to pay overriding charges of Rs. 50,000 p.a. to the wife of Mr. X in addition to the sale consideration. The Deed also specifically mentioned that the amount was charged on the net profits of V-Tech Ltd., who had accepted that obligation as a condition of purchase of the going concern. Is the payment of overriding charges by V-Tech Ltd. in the nature of diversion of income or application of income? Discuss. 5 Marks

3. Write short notes on any three of the following: 15 Marks
 - i. Rebates and reliefs.
 - ii. Double taxation relief.
 - iii. Jurisdiction of Income Tax Authorities.
 - iv. Procedure of Assessment.

4. Write a detailed note on General Anti Avoidance Rules and it's applicability. 8 Marks

OR

Discuss the meaning of the terms 'associated enterprise' and 'deemed associate enterprise' under section 92A (1) Income from house property

5. Brit Ltd., a foreign company, has its head office at London, UK. The Board of Directors meetings are held in UK. However, the Board of Directors has delegated major powers to a committee in Delhi and the members of this committee are based in Delhi. The Board of Directors ratified the decisions of the said committee. 5 Marks
- i. Discuss the place of effective management of Brit Ltd.
- ii. Discuss the guiding factors of 'place of effective management' for Board of Directors delegating authorities to Committee
6. Shaky Ltd. incurred expenses of Rs. 1,25,000/- for the issue of shares. However, the public issue could not materialize on account of non-clearance by SEBI. Is the expenditure revenue or capital in nature? 2 Marks
7. Baby Ltd., a subsidiary of Mother Ltd. has been incurring losses year after year. Mother Ltd. paid an amount of Rs. 1 crore to Baby Ltd. as a grant to recoup the losses. The assessing officer contends to consider this receipt as a trading receipt and includes it in the assessable income. Is the contention of the assessing officer correct? Why? 3 Marks
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