

EXAMINATION OF ARTICLED CLERKS
PAPER III

CORPORATE LAW & TAXATION LAW

Monday, 4th April, 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 case law.

1. Write short notes on any four of the following: 8 Marks

- i. Bar of jurisdiction under Section 20A of the SEBI Act.
- ii. Time period for filling an appeal with SAT and the Supreme Court.
- iii. Can SEBI enhance the the quantum of penalty imposed by the adjudicating officer.
- iv. Powers of the adjudicating Officer.
- v. Power of the Board to conduct investigations.

2. Answer any two of the following: 8 Marks

- i. Distinguish between Friendly Takeover, Hostile Takeover and Bailout Takeover.
- ii. Differentiate between a voluntary offer made by a person holding less than 25% of shares/ voting rights in a target company from a voluntary offer made by a person holding more than 25% of shares/ voting rights of the target company.
- iii. The manner in which thresholds for the requirement of making an open offer in case of an indirect acquisition are computed.

3. Answer any three of the following: 9 Marks
- i. Will trading by a person not falling under the definition of 'Designated Persons' under the PIT Regulations on the basis of UPSI be prohibited.
 - ii. Can a listed company can use software and related services provided by a 3rd party hosted on the server of the 3rd Party with built in restrictions that permit only the employees of the company to make entries in the software.
 - iii. Sharing of information by Nominee directors to their bank or financial institution for legitimate purpose be covered as communication of UPSI.
 - iv. Can a managing director trade in his own company's shares with pre-clearance alone or is the requirement of a trading plan necessary?
4. Answer any three of the following: 9 Marks
- i. Meaning of 'Designated Securities' under the LODR Regulations.
 - ii. Obligations of the Compliance Officer.
 - iii. Vigil Mechanism.
 - iv. Stakeholders Relationship Committee
5. Write short notes on any 2 of the following: 8 Marks
- i. State the conditions required to be satisfied by a company for the purpose of buy-back of its shares.
 - ii. In what ratio can a listed company buy-back its shares from shareholders? Is it necessary to make reservations for small shareholders?
 - iii. Buyback of shares through Book-Building.
6. Write short notes on any 2 of the following: 8 Marks
- i. Cartels.
 - ii. Factors considered by the CCI while inquiring whether an enterprise enjoys a dominant position.
 - iii. Green Channel route for approval of combinations.

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: 15 Marks
 - i. Agricultural Income.
 - ii. Capital gains.
 - iii. Aggregation of Income..
 - iv. Computation of Arms Length price.

2. Mr. X was carrying on a business as sole proprietor. He died on 1st January, 2021 and on his death, the same business was continued by his legal heirs by creating a Partnership Firm. As on 31st March 2021, a business loss of Rs. 8 lakhs is determined. Can the partnership firm adjust the loss against its current income? 5 Marks

3. Hansen NV, a Dutch company headquartered at Rotterdam, not having a permanent establishment in India, has set up a liaison office in Mumbai in August, 2021 in compliance with RBI guidelines to look after its day to day business operations in India and to explore further opportunities. The liaison office takes decisions relating to day to day routine operations and performs support functions that are preparatory and auxiliary in nature. The significant management and commercial decisions are, however, made by the Board of Director at Rotterdam. Determine the residential status of Hansen NV. 5 Marks

4. Mr. X held 1000 shares in Daisy Ltd. Daisy Ltd. amalgamated with Petunia Ltd. during the previous year ended 31.03.2022. Under the scheme of amalgamation, A 5 Marks

was allotted 750 shares in Petunia Ltd. The market value of shares allotted is higher by Rs. 50,000/- than the value of holding in Daisy Ltd. The assessing officer proposes to treat the transaction as an exchange and to tax Rs. 50,000/- as capital gains. What advice would you give Mr. X?

5. Write short notes on any three of the following: 15 Marks
- i. Power of Commissioner to transfer cases.
 - ii. When can an arrangement be declared as an Impermissible Avoidance Arrangement.
 - iii. Appealable Orders.
 - iv. Representative Assessee.
6. Manu Ltd. purchased a running business Dharma Ltd. At the time of acquiring the business, the Manu Ltd. paid certain amounts in respect of the trade name, goodwill and for all other business and commercial rights. Manu Ltd. claimed depreciation on said amount. The Assessing Officer rejected the claim holding that goodwill cannot not be treated as an intangible asset. What advice would you give Manu Ltd. 5 Marks
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