

EXAMINATION OF ARTICLED CLERKS

Paper IV

TAXATION

Monday, 25th April 2016

Time : 3 Hours (1-00 p.m. to 4-00 p.m.)

(Total Marks—100)

- Notes.**— (1) Answers should be legible, precise and to the point.
 (2) Answers to every question should be on a fresh sheet of paper.
 (3) Do not reproduce the question.
 (4) Please write in neat and clear handwriting.
 (5) No tax computations are required under any of the questions.
 (6) Figures to the right indicate *full* marks.
- | | Marks |
|---|--------------|
| 1. Explain in brief the following :— | 10 |
| (a) Revision of orders by the Commissioner of Income-tax under Section 263 of the Act ; | |
| (b) Revision of other orders by the Commissioner of Income-tax under Section 264 of the Act. | |
| 2. Explain in brief the following :— | 10 |
| (a) the provisions regarding demerger; and | |
| (b) the provisions regarding capital gains in case of demerger. | |
| 3. Explain in brief the provisions of Section 50C of the Act relating to consideration for transfer of property lower than stamp duty valuation and its effect and remedies provided in the said Section. | 10 |
| 4. Explain in brief :— | 10 |
| (a) Under what circumstances certain transfers are regarded as void under Section 281 of the Act ? | |
| (b) What are the exceptions to the said provisions ? | |
| (c) What are the safeguards to be adopted to avoid tax liability ? | |
| 5. Explain in brief the provisions of slump sale and the provisions regarding computation of capital gains. | 10 |
| 6. Write short notes on any <i>four</i> of the following :— | 20 |
| (a) Assessee | |
| (b) Royalty and fees for technical services | |
| (c) Bad Debts | |
| (d) Block of Assets | |
| (e) Dividend | |
| (f) Transfer in relation to Capital Assets | |
| (g) Long Term Capital Assets and Short Term Capital Assets | |
| (h) Speculative transactions. | |

7. Explain in brief the following :— 10
- (a) What are the provisions regarding TDS in respect of payments to a non-resident ?
 - (b) What safeguards are to be followed while paying an amount to the non-resident ?
8. (a) Explain in brief the term “ permanent establishment ”. 10
- (b) What is the Liaison Office of a non-resident and whether the same can be treated as a permanent establishment in what circumstances ?
9. Explain in brief :— 10
- (a) “ A ” receives notice under Section 226(3)(vi) of the Act for recovery of the tax dues of “ B ”, “A” does not hold any money or on account of “ B ” what steps are to be taken by “ A ” ?
 - (b) “ A ” transfers his tenancy rights in the premises to “ B ” with the consent of the Landlord and receives an amount (a) whether such transfer is liable to capital gains ? (b) What would be cost of acquisition in respect of the said premises ? (c) Whether such transfer is regarded as transfer of house property ? (d) In what circumstances such transfer is not chargeable to capital gains ?