

EXAMINATION OF ARTICLED CLERKS

PAPER III

CORPORATE LAW & TAXATION

Friday, 19th April, 2024

Time : 3 Hours [1.00 PM to 4.00 PM]

Total Marks: 100

PART I

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

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|-----------|---|----------------|---------------------------|
| 1. | Buy back of Shares | | 10 Marks
Total |
| | 1. Explain the provisions regarding the amount of Escrow Account , its composition and utilization in case of Buy-back through Tender Offer | 3 Marks | |
| | 2. What are the key disclosures (at least 5) to be made in the Explanatory Statement to be attached with the Notice for the general meeting | 4 Marks | |
| | 3. What are the key requirements to be complied with regarding extinguishment of shares? | 3 Marks | |
| 2. | SAST | | 10 Marks
Total |
| | 1. What are the various modes available for payment of the Offer Price ? | 4 Marks | |
| | 2. What are the circumstances in which an Open Offer which has been made can be withdrawn ? | 3 Marks | |
| | 3. What are the functions to be performed by the Independent Directors of the target company ? | 3 Marks | |

- 3. Listing Obligations (any three) **9 Marks Total****
1. What are the provisions regarding Nomination and Remuneration Committee? **(3 Marks each)**
 2. Enumerate the proposals to be considered by the Board of Directors, which require prior intimation of the Board Meeting to be given to the Stock Exchange
 3. What are the provisions regarding change in name of the listed entity?
 4. What is the information required to be disclosed by the Company on its website?
- 4. Any two: **8 Marks Total****
1. Provide the reasons for inserting commitment and settlement provisions under the Competition Act, 2002. **(4 Marks each)**
 2. How does the Competition Act 2022 address concerns with respect to mergers and acquisitions in terms of their impact on market competition and consumer welfare? Give a few examples
 3. How does Section 4 of the Competition Act 2022 define a dominant position in the market, and what factors are considered by CCI when assessing whether an entity holds such a position?
 4. What are the enforcement mechanisms outlined in the Competition Act 2022 for addressing anti-competitive agreements, and what penalties or remedies can be imposed on entities found to be in violation of Section 3?
- 5. SEBI Act **6 Marks Total****
1. What powers does SEBI have to regulate intermediaries in the securities market ? **(3 Marks each)**
 2. What are the key provisions of the SEBI Act regarding investor protection fund ?

6. Insider Trading reg. **7 Marks
Total**
1. Explain the provisions regarding designated persons **3 Marks**
 2. What circumstances can be demonstrated by the insider to prove his innocence in case of allegation of insider trading in relation to the trade undertaker by her ? **4 Marks**

PART II

1. Please provide the following answers and explanations. **30 Marks**
- a. Please explain, in no more than 300 words, the distinction between a capital receipt and revenue receipt. Please give two instances in which capital receipts are taxable under the Income-tax Act 1961.
 - b. What kind of receipt does Section 56(2)(vii)(b) seek to tax? Please explain and answer in no more than 150 words.
 - c. Please explain, in no more than 150 words, the concept of a slump sale.
 - d. Please explain the concept of an “undertaking”. Does a holding company have undertaking? Why? Please explain in no more than 300 words.
 - e. Ms. X who has her residence in India owns 10% shares in X Ltd., which has a equity share capital of 1000, share premium of 5000, and accumulated profits of 2000.

What are the Income-tax implications of the following transactions:

- i. X Ltd. grants a loan of 500 to Ms. X on 30 June 2023; and
 - ii. X Ltd. declares dividends of which and 500 are paid to Ms. X on 30 September 2023?
 - iii. How would your answers change should X Ltd. be a listed company?
- f. PCo Inc., a US-resident company owns 100% shares of HCo Ltd., a UK-resident company, owns 100% shares of SCo Pvt. Ltd., and Indian company. SCo Pvt. Ltd. amalgamates with HCo Ltd. What are the tax consequences under the Income-tax Act, 1961?
- g. Is interest paid by a non-resident to another non-resident on a loan secured by a house in Mumbai taxable in India? Why?

2. Please explain in no more than 300 words, how must an employer withhold taxes on stock options granted to an employee? **10 Marks**
3. A Singaporean-resident Company claims tax treaty benefits in India, and produces a tax residence certificate. Can the tax authorities disregard the tax residence certificate and deny treaty benefits. May the tax authorities challenge the validity of a tax residence certificate? Explain your answer in no more than 200 words. **5 Marks**
4. Write a short note on any one of the following: **5 Marks**
- a. Income from house property
 - b. Unilateral relief from double taxation
 - c. The Arm's Length Principle
 - d. Appeals to a High Court
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