

(Following Paper ID and Roll No. to be filled in your
Answer Books)

Paper ID : 270408

Roll No.

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M.B.A.

Theory Examination (Semester-IV) 2015-16

TAX PLANNING & MANAGEMENT

Time : 3 Hours

Max. Marks : 100

Section - A

1. Answer the following questions in not more than 30 words each.

(2×10=20)

- (a) What is tax evasion?
- (b) What is an assessment year?
- (c) What is the meaning of a "widely held company"?
- (d) Explain tax deductible at source?
- (e) What is a finance bill?
- (f) Differentiate between tax planning and tax management.
- (g) What is amalgamation?
- (h) Explain the rational of cess.

- (i) What is carry forward and set off losses?
- (j) What is meant by capital gains and income from other sources?

Section - B

2. Answer any five questions from this section. (10×5=50)

- (a) Distinguish between 'Tax evasion and Tax avoidance?
- (b) Explain any five items of income which are exempt from income-tax.
- (c) What kind of comprehensive tax planning you will make if you are a new multi-national company in India? Support your answer with examples and discuss the essentials of tax planning.
- (d) Explain the provisions relating to wealth tax on closely held companies.
- (e) Explain the tax planning in the following cases: (a) Ownership pattern of firms (b) Dividends policy.
- (f) Explain the provisions of Income tax act relating to tax planning in respect to NRIs.
- (g) Explain the tax consideration to be kept in mind while deciding on 'Shutdown or Continue' of a loss making business, which also has unabsorbed depreciation.
- (h) Discuss the provisions related to tax planning for depreciation.

Section - C

This section will have 3 questions of 15 marks each. The candidates should attempt any two questions of 15 marks each.

(15×2=30)

3. Sumit earns the following income during the financial year 2009-10
- | | Rs. |
|---|----------|
| (a) Interest paid by and Indian company but received in London | 2,00,000 |
| (b) Pension from former employer in India, received in USA | 8,000 |
| (c) Profit earned from business in Paris which is controlled in India, Half of profit being received in India | 40,000 |
| (d) Income from agriculture in Bhutan and remitted to India | 10,000 |
| (e) Income from property in England and received there | 8,000 |
| (f) Past foreign untaxed income brought to India | 20,000 |

Determine the total income of Sumit for the assessment year 2010-11 if he is:

- Resident and ordinary resident
- Not ordinary resident
- Non-resident in India

4. R is employed with a company in Delhi. He is in the grade 18,000-500-22,000-1,000-30,000 since 1-1-2001. He is paid 20% of salary as DA and 5,000 per month as HRA. He has hired an accommodation on a monthly rent of 6,500. He contributes 17% of his salary and DA to recognized provident fund towards which the employer contribute equal amount. He has been given a car of 1.6 liter engine capacity which is used by him for his personal purpose also. The driver salary and all the expenses relating to the official use of the car are incurred by the employer. His personal gas and telephone bills 1,200 and 2,000 respectively have been paid by the employer.

Compute his income from salary for the assessment year 2014-15.

5. A building was acquired by A in 1974 for Rs 50,000. He spent Rs 40,000 in year 1979 for some addition to that building. He further spent Rs 1,00,000 for construction of additional room in the year 1984-85. A died in 1992-93 and the same property passed on to his son B under a will. The market value as on that date was Rs 10,00,000. B spent Rs 2,00,000 on 5-1-1994 for further addition in that building. On 6-7-2006 the building was converted into stock-in trade. Market value of that building as on the date was Rs 15,00,000. The above building was sold on 5-1-2010 for Rs 17,00,000. Compute capital gain and any other income which is liable to tax. Market value of the above building as on 1-4-1981 was Rs 2,00,000. C.I.I. of previous years 1984-85. 1992-93. 1993-94. 2006-07 and 2009-10 is 125, 223, 244, 519 and 632 respectively.