

M.Com. Semester—IV

MC-413 : CORPORATE TAX LAW AND PLANNING

Time Allowed—3 Hours]

[Maximum Marks—100

Note :— (1) Answer any **TEN** questions from Section A.
Each carries **2** marks.

(2) Answer any **FOUR** questions each from
Sections B and C, selecting **TWO** questions
from each Section. Each carries **20** marks.

SECTION—A

I. Briefly explain :

- (a) Tax Avoidance
- (b) Features of tax planning
- (c) Tax liability of companies
- (d) Regular Workman
- (e) Tax deduction at Source
- (f) Credit for advance tax
- (g) Special Economic Zone Re-investment Reserve Account
- (h) Slump sale
- (i) Inter-Corporate dividend
- (j) Demerger
- (k) Current repairs
- (l) Unilateral Relief.

10×2=20

SECTION—B

II. (a) Tax management is essential for every assessee but tax planning is optional. Comment.

(b) Explain the provisions of Minimum Alternate Tax (MAT) under section 115JB of the Income Tax Act. Is a foreign company also liable to pay MAT ?

5+15=20

III. (a) Compute the Advance tax payable by R from the following estimated income submitted for the financial year 2014-15 :

	Rs.
(i) Income from Salary	2,64,000
(ii) Rent from house property (per annum)	1,50,000
(iii) Interest on Government securities	5,000
(iv) Interest on Bank deposits	3,000
(v) Receipt from horse race (net)	14,000
(vi) Agricultural Income	90,000
(vii) Contribution towards PPF	10,000

Tax deducted at source by the employer on salary is Rs. 9,680.

(b) Explain any four deductions available to company assessee under section 80. 10+10

IV. Write a detailed note on the provisions of section 80-IB of the Income Tax Act, 1961. 20

V. What are the avenues of tax planning for sole proprietary, partnership firm and company form of organisation ?

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SECTION—C

VI. Discuss the benefits available under the Income Tax Act in case of amalgamation of companies for the following :

(i) Amalgamating company

(ii) Amalgamated company

(iii) Shareholders of amalgamating company.

7+7+6=20

VII. (a) From taxation perspective which is more beneficial- ownership of an asset or taking an asset on lease ? Justify.

(b) What factors should be considered while taking decision related to shut-down or continuation of business ?

15+5=20

VIII. (a) Discuss the taxability of dividend from Company and Investor's point of view.

(b) Explain the tax provisions related to Make or Buy decision.

10+10

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IX. (a) Rohit, an individual resident retired employee of Prasar Bharati aged 60 years, is a well-known dramatist deriving income of Rs. 1,10,000 from theatrical works played abroad. Tax of Rs. 11,000 was deducted in the country where the plays were performed. India does not have any Double Tax Avoidance Agreement under section 90 of the Income-tax Act, 1961, with that country. His income in India amounted to Rs. 5,10,000. In view of tax planning, he has deposited Rs. 70,000 in Public Provident Fund and paid contribution to approved pension fund of LIC Rs. 32,000. He also contributed Rs. 18,000 to Central Government Health Scheme during the previous year and gave payment of medical insurance premium of Rs. 21,000 to insure the health of his father, a non-resident aged 76 years, who is not dependent on him. Compute the tax liability and amount of relief available under section 91 to Rohit for the Assessment year 2015-16.

(b) Explain how tax planning can be done while framing capital structure of an organisation. 15+5=20