

## **MS-401/FM-2102**

**Corporate Tax Planning / Taxation : Direct and Indirect**

**( कराधान: प्रत्यक्ष तथा अप्रत्यक्ष )**

Master of Business Administration (MBA-10/12/13/16/17)

3rd Semester, Examination, 2019 (June)

**Time : 3 Hours]**

**Max. Marks : 80**

**Note :** This paper is of Eighty (80) marks divided into three (03) sections A, B and C. Attempt the questions contained in these sections according to the detailed instructions given therein.

### **SECTION-A**

**(Long Answer Type Questions)**

**Note :** Section 'A' contains four (04) long answer type questions of Nineteen (19) marks each. Learners are required to answer any two (02) questions only.

(2×19=38)

- 1.** Distinguish between, 'Tax Planning', 'Tax Avoidance' and 'Tax Evasion'. Explain the characteristics of Tax Planning and Management.

2. Explain the provisions of Minimum Alternate Tax (MAT) under section 115 JB of Income Tax Act, 1961. Is a foreign company also liable to pay MAT.
3. Discuss the provisions of Income Tax Act, 1961 regarding determination of residential status of an assessee.
4. The directors of a Company propose to extend and modernise the business for which an additional investment of Rs. 10 crore would be needed. The entire amount can be raised either by making a further issue of equity share or by borrowings from financial institutions at 5% per annum. However, the company decided in favour of raising the additional capital by issue of equity shares. The company's present paid up equity capital is Rs. 10 crore and it has been declaring dividend at 20% every year for the last five years though, considering the proposed expansion, there is desire to raise it to 25%.

As a tax consultant, do you approve the proposal to raise the entire additional capital through issue of equity shares or would you advice differently ? Answer in detail, giving reasons.

**SECTION-B**  
**(Short Answer Type Questions)**

**Note :** Section 'B' contains eight (08) short answer type questions of eight (08) marks each. Learners are required to answer any four (04) questions only. (4×8=32)

1. Distinguish between exempted incomes and deductions from Gross Total Income with examples.
2. Define the term capital asset. State the items which are not included therein for capital gains purposes.
3. Discuss provisions regarding 'Companies in which public are substantially interested' and their tax liability.
4. Explain the special provisions in respect of newly established 100% export oriented undertakings under the Income Tax Act, 1961.
5. Discuss implications of foreign collaboration agreements.
6. What is the meaning of 'Amalgamation' under the Income Tax Act, 1961. Which are the assets in amalgamation not treated as transfer ?
7. Explain various forms of organisation of new business and discuss how the tax incidence is reduced on companies engaged in new business.
8. Discuss the tax incentives provided by the government for export promotion.

**SECTION-C**  
**(Objective Type Questions)**

**Note :** Section 'C' contains ten (10) objective type questions of one (01) mark each. All the questions of this section are compulsory. (10×1=10)

Indicate whether the following are true or false :

1. The year in which income is earned is known as assessment year.
2. Capital gains are taxable under Section 45.
3. Foreign income is not taxable in the hands of non-resident in India.
4. Long term capital loss can be set off against short term capital gain.
5. Tax avoidance has legal sanction.
6. A company is not liable for dividend tax.
7. Under the Income Tax Act, a LLP is taxable like traditional partnership firm.
8. Dividend Received from domestic company is taxable.
9. Income of a person is computed under six heads.
10. The taxable income is rounded off to the nearest multiple of one rupee.