(Pages : 4) **K – 4996**

Reg. No. : .....

Name : .....

Third Semester M.Com. Degree Examination, February 2021

Elective : Finance

Paper I – CO 231 U –– INCOME TAX PLANNING AND MANAGEMENT

(2018 Admission Onwards)

Time : 3 Hours Max. Marks : 75

SECTION – A

Answer **all** questions. Each question carries **2** marks.

1. What is meant by set off and carry forward of losses?
2. What is meant by rebate of income tax?
3. What would be the consequences if tax is not deducted at source?
4. What is tax avoidance?
5. What is AMT?
6. Describe the limits on allowable remuneration payable to partners of a firm assessed as such.
7. When is a company resident?
8. What are venture capital companies?
9. Explain International Settlement Commission.
10. What is unilateral relief?

(10 × 2 = 20 Marks)

P.T.O.

SECTION – B

Answer any **five** questions. Each question carries **5** marks.

11. What is meant by relief under Income Tax Act?

12. What are the payments on which tax is deducted at source?

13. Explain the tax planning methods under the head house property.

14. What are the tax considerations in setting up of new business?

15. What are the salient features of assessment of joint stock companies?

16. Explain tax audit.

17. Write a short note on Advance Pricing Agreement.

18. Specify whether the following acts can be considered as Tax planning or Tax management or Tax evasion.

    (a) A pays premium of Rs. 10,000 for health Insurance policy so as to reduce his total income from by claiming deduction u/s 80 D.

    (b) B is using a motor car for his personal purposes, but charges as business expenditure.

    (c) C pays advance tax by estimating his total income in previous year to ensure timely compliance.

    (d) D Ltd remitted EPF contribution on monthly basis before due date

    (e) E, working partner of GV Associates, a partnership firm, is entitled to a annual salary of Rs. 1,20,000. He claims deduction under section 16.

(5 × 5 = 25 Marks)

SECTION – C

Answer any **two** questions. Each question carries **15** marks.

19. What are the avenues of tax planning for partnership firm and company form of organisation?

20. Evaluate "Tax management is essential, tax planning is desirable, and tax evasion is objectionable."

21. An Indian company is considering to expand its business for which Rs. 15,00,000 is required. Earning before tax estimated as 24% of the capital employed. This entire amount can be raised by issue of equity shares or combination along with borrowing from a bank @12% p.a. and by issuing of debentures @14% p.a

    Which of the following three alternatives should it opt for?

    (a) Entire Rs. 15,00,000 to be raised through equity share capital

    (b) Rs. 8,00,000 from equity shares and Rs. 3,50,000 from each other sources available.

    (c) Rs. 5,00,000 from each source available.

    The company shall distribute the entire amount of profits as dividend and applicable corporate tax rate is 26%. Dividend distribution tax is 17.47%.

22. Mr. Bimal aged 62 years, is resident in India. The following details are available for the previous year 2019-20.

	Rs.
Income from House property	(-)75,000
Income from business in India	2,50,000
Income from business in a foreign country	6,00,000
(India does not have DTA agreement with that country)	
Interest on Govt. securities from India	25,000
LIC contribution	10,000
PPF contribution	60,000

Tuition fee paid for daughter studying in India	30,000
Tuition fee paid for son studying in foreign country	1,00,000
Tax levied in foreign county	72,000

Compute the amount of income tax payable in India for the assessment year 2020-21.

(2 × 15 = 30 Marks)

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