

Question Paper Code : 1678

M.B.A. (MS) (FE) (Semester-IV) Examination, 2018

TAX PLANNING MANAGEMENT

[MS(A)-043]

Time : Three Hours]

[Maximum Marks : 70

Note : Answer **five** questions in all. Question **No.1** is **compulsory**. Besides this, **one** question is to be attempted from each Unit.

1. Answer the following questions in brief : [3x10=30]
- (a) State the meaning of the term 'Tax-evasion'.
 - (b) What do you mean by 'Tax-Avoidance' ?
 - (c) What do you understand by 'Association of Persons' ?
 - (d) When does the liability to pay advance tax arise?
 - (e) What is indexing of Cost of acquisition ?
 - (f) Explain the meaning of 'Tax Audit'.
 - (g) How is residential status of a company determined ?

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(1)

[P.T.O.]

- (h) Define 'Amalgamation' as per Income Tax Act, 1961.
- (i) What deduction is available under Section 80E of the Income Tax Act, 1961 ?
- (j) Name 10 Incomes which are exempted from Income Tax.

UNIT-I

- 2. The prime object of Tax-planning is 'to minimise tax-burden of the assessee'. Explain the objectives of tax-planning. [10]
- 3. What is meant by Tax-management ? What is the difference between Tax-planning and Tax-management? [10]

UNIT-II

- 4. Explain the tax planning provisions in respect of Power sector. [10]
- 5. Mr. Z is offered an employment by B.Co. Ltd. in Lucknow, with the following two alternative packages : [10]

	I (Rs)	II (Rs)
(i) Salary	2,00,000	2,40,000
(ii) D.A.	1,16,000	76,000
(iii) Bonus	24,000	24,000
(iv) Hostel expenditure allowance for one child	-	5400
Cost of education of a child in Employer's School	5400	-
(v) H.R.A. (Rent Payable Rs. 60000)	36,000	36,000
Uniform Allowance		
(vi) (Estimated expenditure on Uniform 3000/-)	2500	2500
(vii) Medical Allowance	15,000	-
Reimbursement of Medical bills of a Pvt. Clinic.	-	15,000
(viii) Refrigerator, T.V. and Fans	50,000	-
(ix) Computers	-	50,000

Which of the alternative should z opt keeping in view his tax liability ?

UNIT-III

6. What are the factors to be considered while making a decision regarding 'Make or Buy' ? [10]
7. Trapti Ltd. wants to raise capital of Rs. 20,00,000/- for a project where earnings before tax shall be 40% of Capital employed. The company can raise debt fund @ 18%

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(3)

[P.T.O.]

p.a. Suggest which of the following 3 alternatives should it opt for : [10]

- (a) Rs. 20,00,000 to be raised by Equity Capital.
- (b) Rs. 16,00,000 by Equity and Rs, 4,00,000 by loans.
- (c) Rs. 4,00,000 by Equity Capital and Rs. 16,00,000 by loans.

Assume the company shall distribute the entire amount of project as dividend and tax rate is 33.99% and dividend tax is 17.304.%

UNIT-IV

- 8. What is Annual Value ? What are the deductions allowed from annual value of house property while computing the income from house property ? [10]
- 9. From the following information determine the taxable Capital gain for the Assessment Year 2017-18. What tax planning is possible regarding the transactions. [10]

	Jewellery	Plot	Gold
Sale Price	7,00,000	18,24,000	5,00,000
Expences on sale	NIL	24,000	NIL
Cost of acquisition	75,000	2,00,000	1,00,000
Year of acquisition	1987-88	1984-85	1999-2000

A house was purchased for Rs. 15 Lakh on 01.03.2017. Cost inflation indices are for 1984-85, 1987-88, 1999-2000 and 2016-17 on 125, 150, 389 and 1125 respectively.

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