

**M.B.A Examination –December -2016**

**Semester-III**

**Paper No: 304**

**Name: Corporate Tax Planning**

**Subject code: 4712**

**Time: 2 ½ Hours**

**Marks: 70**

**Instruction:**

- 1. Attempt all questions**
- 2. Marks are indicated against each question**

**Q.1** Define “tax” and describe direct taxes in India in detail (14)

**OR**

**Q.1.** what is corporation tax? Explain the difference between avoidance and evasion, and tax planning and tax management. (14)

**Q.2.** Write a note on Tax provisions pertaining to (1) Newly established units in SEZ (2) Newly established units in FTZ (14)

**OR**

**Q.2** What is Indian income and foreign income? Explain control and management & Receipt of income in (14)

**Q.3.** X ltd. is an Indian company. It starts a new industrial undertaking on may 1, 2007. On the same date, it appoints 6 managerial personnel (category A) besides on the same date, it appoints the following workers (salary being Rs2100 per month per person) (14)

1. Situation one- 95 workmen coming under category D
2. Situation two, 110 workmen coming under D
3. Situation three -400 workmen coming under category- D
4. Situation four – 97 workmen coming under category-B
5. Situation five-125 workmen coming under category –B
6. Situation six -370 workmen coming under category-B
7. Situation seven -225 workmen coming under category D. 30 workmen coming category D(With effect from June 1,2006) and 40 workmen coming under category C (with effect from august 1,2007)
8. Situation eight -230 workmen coming under category -B,35 workmen coming under category B(with effect from june1,2006) and 42 workmen coming under category B (with effect from august 1, 2007)

9. Situation nine -235 workmen coming under category B, 36 workmen coming under category D ( with effect from June 1, 2006) and 47 workmen coming under category C (with effect from august 1,2007)
10. Calculate gross total income and the deduction under 80JJAA

**OR**

**Q.3.** An asset costing Rs.1,00,000 is to be acquired. There are two alternatives available to the entrepreneur. First one is buying the asset by taking a loan of Rs.1,00,000 repayable in five equal installments of Rs.20,000 each along with interest 14 %. Assuming that lease rentals, processing fees, interest as well as the principal amounts are payable at the year end. The second one is leasing the asset for which annual lease rental is Rs. 30,000 up to five years. The lessor charges 1 % processing fees in the first year. Assume the internal rate of return to be 10% and present value factor at 10% is

years	1	2	3	4	5
PV factor	0.909	0.826	0.751	0.683	0.621

Suggest which alternative is better in the above case. Assume the tax rate to be 30.9% and rate of depreciation is @ 15%

**Q.4.** Write a detail note on double taxation relief under section (90, 90A, and 91) (14)

**OR**

**Q.4** X 928 years) is a musician deriving income from concerts performed outside India of Rs. 9,50,000. Tax of Rs. 1,90,000 was deducted at source in the country where the concerts were given and remaining Rs.7,60,000 is remitted to india. India does not have any agreement with that country for avoidance of double taxation. Assuming that the Indian income of X is Rs.2,00,000, what is the relief due to him under section 91 for the assessment year 2010-11, assuming that X has deposited Rs.22,000 in the public provident fund account.

**Q.5** What service tax? Describe in detail approaches, nature and different features of service tax in India (14)

**OR**

**Q.5.** Define value added tax with example? Also explain the Merits and demerits of VAT.