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M – 7236

Reg. No. : .....

Name : .....

Third Semester M.Com. Degree Examination, March 2022.

Elective: FINANCE

Paper I: CO 231U : 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 Finance Act?
2. State the provisions regarding rebate of income tax.
3. What is the need for tax planning?
4. What is AMT?
5. What is 'TRACES'?
6. What is demerger?
7. What are the privileges enjoyed by a working partner in tax assessment?
8. What is transfer pricing?
9. Who can obtain advance ruling?
10. What is meant by GAAR?

(10 × 2 = 20 Marks)

P.T.O.



## SECTION – B

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

11. Explain the Accounting standards relating to tax.
12. State the highlights of Black Money Act, 2005.
13. Explain the tax planning methods under the head salary.
14. What are the salient features of assessment of AOP?
15. Explain special provision of Income Tax Act in case of shipping business.
16. What are the tax considerations in case of repair or replace decisions?
17. Describe the procedure for advance rulings as formulated by Government.
18. Explain with example:
  - (a) Tax Avoidance
  - (b) Tax Management.

**(5 × 5 = 25 Marks)**

## SECTION – C

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

19. Compare partnership firm and company form of business organisation on the basis of tax incentives available under Income Tax Act.
20. Explain the provisions of the Income Tax Act on advance payment of tax.



21. An assessee, who carries on a business, requires a machinery costing Rs.1,00,000. This machinery has a life of 5 years. Decide which one is a better alternative - buy or lease - in the following situation:

The Rate of Depreciation is 15%. Tax Rate: 30.9% Cost of Capital: 14%.

In case, the machinery is taken on lease:

Lease Cost: Rs.34,000 per annum for 5 years.

PVF table is given below @ 14% for next 5 years:

Year	1	2	3	4	5
	0.877	0.769	0.675	0.592	0.519

22. Mr. Kiran is offered an employment by G Co. Ltd., Karur, with the following two alternative packages:

	I	II
1. Salary	5,40,000	6,60,000
2. D.A.	4,20,000	3,00,000
3. Project allowance	72,000	72,000
4. H.R.A. (Rent payable Rs.1,56,000)	90,000	90,000
5. Education allowance for one child		1,800
Cost of education of a child in employer's school	1,800	
6. Helper allowance (Estimated expenditure 8,000)	7,500	7,500
7. Medical allowance	12,000	
Reimbursement of medical bills upto		12,000
8. LED TV	40,000	
Laptop		40,000

Which of the alternative should Mr. Kiran opt keeping in view his tax liability?

(2 × 15 = 30 Marks)

