

Enrollment No.....



Faculty of Commerce
End Sem (Even) Examination May-2022
CM3EA07 Tax Planning & Procedures

Programme: B. Com (Hons.) Branch/Specialisation: Commerce

Duration: 3 Hrs.**Maximum Marks: 60**

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

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|-----|------|--|---|
| Q.1 | i. | Reducing of tax liability by showing lower income- | 1 |
| | | (a) Tax avoidance (b) Tax evasion | |
| | | (c) Tax Planning (d) All of these | |
| | ii. | Object of tax planning is- | 1 |
| | | (a) Avoidance of Tax (b) Minimise tax liability | |
| | | (c) Payment of tax on time (d) Deferment of tax | |
| | iii. | Tax deduction available to certain industries for the initial few years is called- | 1 |
| | | (a) Tax Holiday (b) Tax | |
| | | (c) TDS (d) Advance | |
| | iv. | Availing tax holiday by a new industrial undertaking in backward areas in case of- | 1 |
| | | (a) Tax evasion (b) Tax planning | |
| | | (c) Tax avoidance (d) Tax Management | |
| | v. | Dividend paid by an Indian company is- | 1 |
| | | (a) Taxable in India in the hands of the recipient | |
| | | (b) Exempt in the hands of recipient | |
| | | (c) Both (a) and (b) | |
| | | (d) None of these | |
| | vi. | The period of holding of shares acquired in exchange of convertible debentures shall be reckoned from- | 1 |
| | | (a) The date of holding of debentures | |
| | | (b) The date of when the debentures were converted into shares | |
| | | (c) Any of these | |
| | | (d) None of these | |

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- vii. _____ is the implementation of the plan of tax. **1**
 (a) Tax evasion (b) Tax avoidance
 (c) Tax management (d) None of these
- viii. Which of the following is an objective of tax management? **1**
 (a) Minimize litigation
 (b) Productive investment
 (c) Compliance with legal formalities
 (d) Healthy growth of economy
- ix. In Income Tax Act, _____ is a certificate which an employer gives to his employees. It certifies the amount of tax deducted by the employer from the salary of the employee. **1**
 (a) Form 16 (b) Form 12 (c) Form 15 (d) Form 26AS
- x. According to the budget, if a person wants to update his income tax in tax filings, then how many years will he have? **1**
 (a) 1 Year (b) 2 Year (c) 3 Year (d) 4 Year
- Q.2 i. Describe any four differences between tax avoidance and tax evasion. **4**
 ii. Describe Indian corporate tax. **6**
 OR iii. What do you mean by tax planning and discuss the main objects of tax planning? **6**
- Q.3 i. Discuss the provisions regarding tax holiday for income relating to newly established undertakings in Free Trade Zone and 100% export-oriented units u/s 10A & 10B. **4**
 ii. Discuss the important points which should be considered at the time of establishment of new business regarding the place from tax planning point of view. **6**
 OR iii. Write short note on: **6**
 (a) Undertaking engaged in development of infrastructure.
 (b) Undertakings set up in backward industrial states.
 (c) Tele-communication undertaking.
- Q.4 i. Write short note on- **4**
 (a) Importance of capital structure from taxation point of view
 (b) Capital structure decisions

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- ii. Write notes on- **6**
 (a) Dividend policy (b) Inter-company dividend
 (c) Bonus shares
- OR iii. Discuss the considerable points regarding capital structure decision for minimum tax liability. **6**
- Q.5 i. What do you mean by tax management? Discuss its importance. **4**
 ii. Describe the procedure of filling of return of income. **6**
 OR iii. Write notes on- **6**
 (a) Self-assessment (b) Appeal and Appellate Tribunal
 (c) Penalty for other defaults
- Q.6 Attempt any two:
 i. What is Permanent account number. Explain the procedure to obtain it. **5**
 ii. Discuss the provisions of Income Tax Act relating to Advance payment of Tax. **5**
 iii. Explain in detail the procedures of compulsory online filing of return. **5**

Marking Scheme

CM3EA07 Tax Planning & Procedures

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|-----|-------|---|-------------------------|
| Q.1 | i. | Reducing of tax liability by showing lower income- (b) Tax evasion | 1 |
| | ii. | Object of tax planning is- (b) Minimise tax liability | 1 |
| | iii. | Tax deduction available to certain industries for the initial few years is called- (a) Tax Holiday | 1 |
| | iv. | Availing tax holiday by a new industrial undertaking in backward areas in case of- (b) Tax planning | 1 |
| | v. | Dividend paid by an Indian company is- (c) Both (a) and (b) | 1 |
| | vi. | The period of holding of shares acquired in exchange of convertible debentures shall be reckoned from- (b) The date of when the debentures were converted into shares | 1 |
| | vii. | _____ is the implementation of the plan of tax. (c) Tax management | 1 |
| | viii. | Which of the following is an objective of tax management? (c) Compliance with legal formalities | 1 |
| | ix. | In Income Tax Act, _____ is a certificate which an employer gives to his employees. It certifies the amount of tax deducted by the employer from the salary of the employee. (a) Form 16 | 1 |
| | x. | According to the budget, if a person wants to update his income tax in tax filings, then how many years will he have? (b) 2 Year | 1 |
| Q.2 | i. | Any four differences between tax avoidance and tax evasion. 1 mark for each (1 mark * 4) | 4 |
| | ii. | Describe Indian corporate tax. As per the explanation | 6 |
| OR | iii. | Meaning of tax planning Objects of tax planning 1 mark for each point (1 mark * 4) | 2 marks 4 marks 6 |
| Q.3 | i. | Provisions regarding tax holiday for income As per the explanation | 4 |

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|-----|------|--|------------------------|
| OR | ii. | Discuss the important points which should be considered at the time of establishment of new business regarding the place from tax planning point of view. As per the explanation | 6 |
| | iii. | Write short note on: (a) Undertaking engaged in development of infrastructure. 2 marks (b) Undertakings set up in backward industrial states. 2 marks (c) Tele-communication undertaking. 2 marks | 6 |
| | Q.4 | i. Write short note on- (a) Importance of capital structure 2 marks (b) Capital structure decisions 2 marks ii. Write notes on- (a) Dividend policy 2 marks (b) Inter-company dividend 2 marks (c) Bonus shares 2 marks | 4 6 |
| OR | iii. | Considerable points regarding capital structure decision for minimum tax liability. As per the explanation | 6 |
| Q.5 | i. | Meaning of tax management Its importance | 1 mark 3 marks 4 |
| | ii. | Procedure of filling of return of income. 1 mark for each point | (1 mark * 6) 6 |
| OR | iii. | Write notes on- (a) Self-assessment 2 marks (b) Appeal and Appellate Tribunal 2 marks (c) Penalty for other defaults 2 marks | 6 |
| Q.6 | | Attempt any two: | |
| | i. | Meaning of Permanent account number Procedure to obtain it | 1 mark 4 marks 5 |
| | ii. | Provisions of Income Tax Act relating to Advance payment of Tax. As per the explanation | 5 |
| | iii. | Procedures of compulsory online filing of return. As per the explanation | 5 |
