

Q U E S T I O N – B A N K

MBA FOURTH SEMESTER - 2014

STRATEGIC TAX PLANNING AND TAX MANAGEMENT (FM - 04)

U N I T – I

I : SHORT ANSWER TYPE QUESTIONS :-

- Q. 1 : Discuss the Concept of Income and its components?
- Q. 2 : Explain the Tax Avoidance?
- Q. 3 : Difference between Tax Planning and Tax Evasion?
- Q. 4 : Difference between Tax Planning and Tax Avoidance?
- Q. 5 : Explain Tax Management?

II : LONG ANSWER TYPE QUESTIONS :-

- Q. 1 : Explain the term “Tax Evasion”, Tax Avoidance and Tax Planning?
- Q. 2 : What do you mean by Tax planning? Explain its Need & Limitations?
- Q. 3 : Discuss the various Tax Provisions related to Company form of Business?

Q. 4 : X, Y and Z are three brother having joint property of Rs. 15,00,000. They wish to start their business with this money w.e.f. 01/04/2014. The business will be in the name of X (sole proprietorship) where in Y & Z will be working as employees, their share in the total property will be treated as loan advanced by them to X's. Business which will carry interest @ 12% p.a. The estimated profit of the business is Rs. 8,00,000 before charging the following expenses.

- (i) Salary to y an Z Rs. 10,000 p.m. each.

- (ii) Interest an loan to Y & Z.

Now, a tax expert has advised them to create an H.U.F & run business in the name of H.U.F. where, in 'X' will be treated as 'Karta' & his brothers as members of H.U.F. All will be having equal share in the income of H.U.F. X, Y and Z shall be allowed a salary of Rs. 10,000 p.m. each for taking part in the business of H.U.F. Analyze the case & state whether tax expert's advice is beneficial?

Q. 5 : What incentives have to be kept in mind while selecting nature of business?

## UNIT – II

I : SHORT ANSWER TYPE QUESTIONS :-

Q. 1 : What do you mean by Capital Structure? Explain factors affecting Capital Structures?

Q. 2 : Discuss of Cost of Capital and its Tax Treatment?

Q. 3 : Nishit Ltd. took a loan of Rs. 10,00,000 (on 1/10/12) from a private finance company for the purchase of an important machine for its manufacturing division. The company got the possession of machine on Feb. 02/08/2013 however, the company started using the machine w.e.f. 01/04/2013. The loan carries interest @ 14% p.a.

Discuss the tax treatment of interest of assessment year 20.03.2014 and 2014-15.

Q. 4 : Explain the details the concept of "Deemed Dividend" U/s 2 (22) with appropriate example?

Q. 5 : Explain the following :-

- (i) Inter-Corporate Dividends. (ii) Bonus Shares.

II : LONG ANSWER TYPE QUESTIONS :-

Q. 1 : Explain the Tax planning in relation to the following :-

- (i) In relation to Capital Structure.
- (ii) In relation to dividends.
- (iii) In relation to Inter Corporate Dividends.

Q. 2 : Explain the tax consideration to be kept in mind while deciding on outing or leasing a business assets?

Q. 3 : Decide which one is a better alternative lease or buy in the following situations :-

Tax Rate :- 35%

Cost of Capital :- 12%

Depreciation Rate (Income tax) :- 25%

Lease rent Rs. 52,000 p.a. for 5 years (per Rs. 1 lakh)

Present value of Rs. 1 discounted @ 12% is as follows:-

Year	:	1	2	3	4	5
p.v.	:	0.893	0.797	0.712	0.636	0.567

Make any other suitable assumption if necessary.

Q. 4 : Discuss the factors you will consider in making a decision regarding make or buy?

Q. 5 : X Ltd. domestic company has two businesses A and B : For the last two years business A has been running at a loss wiping out the entire profits of business B. at the end of financial year 2012-13 there are brought forward losses of Rs. 8,00,000 and unabsorbed depreciation Rs. 5,00,000.

In the financial year 2013-14 onwards it is expected that business B will earn a profit of Rs. 5,00,000 annually and if business A is continued at a minimum level there please suggest to the management of the company.

- (i) Whether business A should be continued or shutdown.
- (ii) If continued for how many year.

### UNIT – III

#### I : SHORT ANSWER TYPE QUESTIONS :-

- Q. 1 : What do you mean by Corporate Tax Corporate Tax Planning?
- Q. 2 : Discuss of benefits of Corporate Tax Planning?
- Q. 3 : What do you mean by Company?
- Q. 4 : Explain Residential Status of a Company?
- Q. 5 : How the value of fringe benefits is determined?

#### II : LONG ANSWER TYPE QUESTIONS :-

- Q. 1 : Discuss in detail provisions of minimum alternate Tax u/s 115 J.B.?
- Q. 2 : What is the procedure for filling of return, assessment and payment of tax in respect of fringe benefits?

Q. 3 : The total income of XYZ Ltd. a domestic Company, computed under the normal provisions of Income Tax Act is Rs. 2,50,000. However the book profits of the company (calculated as per section 115 J.B.) amount for Rs. 12,25,000. Calculate the tax liability of company for assessment year 2007-08.

Q. 4 : Discuss in detail the special tax incentive. Provisions in respect of newly established undertakings in free Trade zone (FTZ)?

Q. 5 : Discuss in detail the tax incentive to undertaking engaged in providing infrastructure facilities?

#### UNIT – IV

I : SHORT ANSWER TYPE QUESTIONS :-

Q. 1 : Write a note on “Advance Payment of Income Tax”?

Q. 2 : What do you understand by Advance Payment of Tax? Explain clearly the provisions of the Income Tax act in this respect?

Q. 3 : Explain Voluntary Return of Income?

Q. 4 : Write notes on :-

(i) Related Return of Income.

(ii) Revised Return of Income.

Q. 5 : Discuss the Powers of Income Tax Authorities?

II : LONG ANSWER TYPE QUESTIONS :-

Q. 1 : Discuss the Powers of Central Board of Direct Taxes or Commissioner of Income Tax?

Q. 2 : Describe briefly the procedure for filling an appeal to the appellate Tribunal against the order of a Commissioner (Appeals)?

Q. 3 : Describe the Organization of the Income Tax Department?

Q. 4 : Write short notes on :-

- (a) Best Judgment Assessment.
- (b) Regular Assessment.
- (c) Self Assessment.

Q. 5 : What are the provisions of law regarding deduction of tax at source from the following incomes :-

- (a) Winning from Lottery.
- (b) Interest on Securities.
- (c) Payment of Rent.