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63/2 (SEM-4) MCO 402

2022

COMMERCE

(Theory Paper)

Paper Code : MCO 402

(Tax Planning and Management)

Full Marks – 80

Time – Three hours

The figures in the margin indicate full marks for the questions.

1. Choose the correct answer : $1 \times 6 = 6$

(a) Which of the following is tax planning under the expressed provisions of tax laws ?

(i) Purposive Tax Planning

(ii) Tax Evasion

(iii) Tax Avoidance

(iv) Permissive Tax Planning

[Turn over

(b) Non-disclosure of income from 'Binami Transaction' is a

- (i) Tax Planning
- (ii) Tax Evasion
- (iii) Tax Avoidance
- (iv) Tax Management

(c) Income from sub-letting of house property is taxed under the heads of

- (i) Income from house property
 - (ii) Income from other sources
 - (iii) Income from Profits and Gains of business or profession
 - (iv) Income from Capital Gains
- (d) Clubbing of Income means
- (i) Additional income of two persons
 - (ii) Inclusion of income of other person in Assessee's income
 - (iii) Total of income of various heads
 - (iv) Collection of Income

(e) The Applicable rate of corporate tax in India is

- (i) 12%
- (ii) 18%
- (iii) 30%
- (iv) 35%

(f) In India Special Economic Zone (SEZ) Act was passed in

- (i) 2000
- (ii) 2003
- (iii) 2004
- (iv) 2005

2. Answer the following questions : $2 \times 5 = 10$

- (a) What do you mean by Tax Avoidance ?
- (b) Define Capital Gains.
- (c) What is Double Taxation ?
- (d) Define Export Oriented Units.
- (e) Define Residential status.

3. Answer any six of the following questions :

$5 \times 6 = 30$

- (a) Distinguish between Tax Planning and Tax Management.
- (b) What are the conditions to be fulfilled by an individual to make his status 'resident but not ordinarily resident' ?

- (c) Explain the various Heads of Income.
- (d) Mr. Zamar Daimari of Udalguri is the owner of a house property in Guwahati. The house is let out @ Rs. 10,000 p.m. as rent. Its municipal valuation is Rs. 1,20,000 p.a. and Standard rent is Rs. 1,15,000 p.a. The Fair rent of the house is Rs. 1,36,000. The house was self-occupied for 2 months and remained vacant for 1 month. Municipal tax paid Rs. 8,500.
Compute the Net Annual Value for the Assessment Year 2021-22.
- (e) Explain the techniques of Corporate tax planning.
- (f) Write a note on tax planning in respect of make or by decisions.
- (g) Explain the features of Special Economic Zone (SEZ).
- (h) Define MAT and write its basic provisions.
- (i) Mr. Jacob a foreign citizen, came to India for the first time on 1st April, 2016. He stayed in India till 31st December, 2019. He again came to India on 16th November, 2020 and left India on 6th June, 2021.
Ascertain the residential status of Mr. Jacob for the Assessment Year 2021-22.

4. Answer any two of the following questions :
10×2=20

- (a) Following are the particulars of Income of Dr. A Barua, for the previous year 2020-21 :
- (i) Salary received in India for services rendered in India : Rs. 2,40,000.
- (ii) Salary received in India for services rendered in New Zealand : Rs. 3,00,000.
- (iii) Income received in India from property in Germany : Rs. 1,20,000.
- (iv) Profit from business in Bangladesh received in India : Rs. 80,000.
- (v) Profit of Business in Pakistan being controlled from India deposited in a Bank in Pakistan : Rs. 60,000.
- (vi) Profit earned from business in Kokrajhar : Rs. 1,60,000.
- (vii) Profit of business at London but not controlled from India : Rs. 1,00,000.
- (viii) Past untaxed foreign income brought into India during the previous Year : Rs. 90,000.

Ascertain the income of Dr. A Barua for the Assessment Year 2021-22 assuming that he is :

- A Resident and Ordinarily Resident
- A Resident but not Ordinarily Resident and
- A Non-Resident.

(b) Explain in details the foreign collaboration and incidence of taxation on domestic companies.

(c) Explain the tax planning while setting up a business with reference to location and nature of organisations.

5. Answer any *one* of the following questions :

$$14 \times 1 = 14$$

(a) Mr P. Das has joined in service w.e.f. 1-8-2020. He was entitled to the following emoluments :

- (i) Basic Salary Rs. 70,000 p.m.
- (ii) Dearness Allowance 30% of Basic Salary.
- (iii) Entertainment Allowance Rs. 800 p.m.
- (iv) Children Education Allowance Rs. 240 p.m. for his two children.

(v) Tribal Area Allowance Rs. 350 p.m.

(vi) House Rent Allowance Rs. 750 p.m. He pays Rs. 6,000 as rent.

(vii) He contributes Rs. 2,500 p.m. to RPF to which his employer contributes an equal amount.

(viii) He was provided with a watchman and a cook who is paid salary of Rs. 400 p.m. each by the company.

(ix) Employment Tax deducted Rs. 1,500 p.m.

(x) He also deposited Rs. 55,000 in Post office PPF.

Compute his Taxable Income from Salary for the Assessment year 2021-22.

(b) Explain the special provisions in respect of newly established units in Special Economic Zones under section 10AA.