

(b) Mr. Rabha is an employee of Aronai India Ltd. During the financial year 2021-22, he received the following emoluments from his employer.

Basic Salary

Up to 31-08-2021 ₹ 20,000 per month

From 01-09-2021 ₹ 25,000 per month

Transport allowance ₹ 2,000 per month

Contribution to Recognized provident fund 15% of basic salary

Children education allowance ₹ 250 per month per child for two children

Hostel expenses allowance ₹ 190 per month per child for two children

City compensatory allowance ₹ 300 per month

Tiffin allowance (actual expenses ₹ 3,700) ₹ 5,000 per month

Professional tax paid by employer ₹ 2,500

Also monthly salary of ₹ 2,000 of a housekeeper is reimbursed by the employer.

Calculate the taxable income of Mr. Rabha for the assessment year 2022-23. 14

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2023

COMMERCE

(Theory Paper)

Paper Code : MCO 402

(Tax Planning and Management)

Full Marks – 80

Pass Marks – 32

Time – Three hours

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

1. Choose the correct options for the following questions : 1×6=6

(a) According to the Income tax Act, 1961 'Person' includes

(i) Individual

(ii) Hindu Undivided Family

(iii) Association of Person

(iv) All of the above

(b) In Assessment Year 2023-24, Resident Individual of the age of 80 years or more is liable to pay tax if his income exceeds

- (i) ₹ 2,50,000
- (ii) ₹ 3,00,000
- (iii) ₹ 4,00,000
- (iv) ₹ 5,00,000

(c) Statutory deduction [u/s 24(a)] is related to

- (i) Capital gain
- (ii) Income from other sources
- (iii) Income from house property
- (iv) Income from business and profession

(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) House rent allowance is

- (i) Fully taxable allowance
- (ii) Fully exempted allowance
- (iii) Partly exempted allowance
- (iv) None of the above

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(f) Section 10AA of Income tax Act, 1961 is related to the

- (i) Newly established unit in SEZ
- (ii) Tax incident related to foreign collaboration
- (iii) Export oriented units
- (iv) None of the above.

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

- (a) What is Advance Tax ?
- (b) Who is an Assessee ?
- (c) What do you mean by Tax Management ?
- (d) What is perquisite ?
- (e) What is income tax rebate ?

3. Answer any six of the following questions :

$5 \times 6 = 30$

- (a) What are the types of Tax Planning ?
- (b) Differentiate between Tax Evasion and Tax Avoidance.
- (c) State the various provisions of Income Tax Act with respect of the location of business ?
- (d) Explain the tax planning in respect of shutdown or continue a business decision.

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(e) What are the tax privileges or advantages that a company form of business have as compared to other form of business.

(f) Write a short note on MAT.

(g) What are the allowances which are fully exempted from head of Income from salary ?

(h) What are the specified or specific incomes as per section 56(2) of Income Tax Act which are chargeable to tax under the head of Income from other sources.

4. Answer any *two* of the following questions :

$$10 \times 2 = 20$$

(a) Explain the residential status of an individual according to Income tax Act, 1961.

Prasanta Brahma a businessman who stays in Japan, has been in Indian during 15th February to 20th May 2022. Compute the total taxable income of Mr Prasanta Brahma for the assessment year 2022-23.

(i) Profit earned from his business in Japan which is received in Dubai ₹ 2,00,000.

(ii) Dividend received from the investment made in American Company which is credited to his account in Japan from USA. ₹ 5,00,000.

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(iii) Profit earned from business in Assam controlled from London ₹ 3,50,000.

(iv) Profit earned from a business in Thailand which is controlled from Guwahati ₹ 2,70,000.

(v) Agricultural income from Thailand which is not remitted to India ₹ 1,00,000.

(vi) Honorarium received from Government of India for service rendered in India ₹ 50,000.

(vii) Past untaxed foreign income brought to India during previous year ₹ 70,000.

$$5+5=10$$

(b) Explain the tax planning provisions related to Special Economic Zone (SEZ) as per Income tax Act.

(c) What is Double Taxation and what are its types ? Explain the tax provisions related to the double taxation relief according to the Income tax Act.

$$4+6=10$$

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

$$14 \times 1 = 14$$

(a) What is the rationality behind the tax planning ? In this context explain what are the requirements or precautions to be considered for a successful tax planning.

$$7+7=14$$

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