

Total number of printed pages-9

63/2 (SEM-4) MCO 402

2024

COMMERCE

Paper : 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. Answer the following as MCQ questions :  
1 × 6 = 6

(i) Under Section 10(26) of Income Tax Act 1961, who is exempt from Income Tax?

- (a) Mr. Narzary, Resident of BTR
- (b) Mr. Barman, Resident of BTR
- (c) Mr. Basumatary, Resident of Non-BTR
- (d) Mr. Das, Resident of Non-BTR

Contd.

(ii) Tax planning in respect of residential status primarily involves considerations related to

- (a) citizenship status
  - (b) employment history
  - (c) domicile and duration of stay in a country
  - (d) educational qualifications
- (iii) Which of the following is NOT a head under which taxable income is computed for individuals?

- (a) Salary
- (b) Business profits
- (c) Rental income
- (d) Corporate dividends

(iv) Which type of tax is applicable to business located in Special Economic Zones (SEZs)?

- (a) Value Added Tax (VAT)
- (b) Corporate Income Tax
- (c) Excise Duty
- (d) Minimum Alternate Tax (MAT)

(v) What does tax planning involve when setting up a business with reference to location?

- (a) Choosing a location with the highest tax rates to maximize deductions
- (b) Choosing a location with the lowest tax rates to minimize tax liabilities
- (c) Selecting a location based solely on logistical factors unrelated to taxes
- (d) Choosing a location without considering tax implications

(vi) Which financial decision if NOT typically considered in corporate tax planning?

- (a) Capital budgeting decisions
- (b) Financing decisions
- (c) Dividend policy decisions
- (d) Marketing strategy decisions

2. Answer the following questions : 2×5=10

- (a) Define the term 'tax incidence'.
- (b) Write a note on capital gain.

(c) Write the techniques of corporate tax planning.

(d) Discuss the concepts of tax evasion and tax avoidance.

(e) Discuss the role of tax planning in minimizing tax liabilities.

3. Answer **any six** of the following questions :  
5×6=30

(a) Define the term 'residential status' and also shortly mention the various types of residential status of an assessee.

(b) Rungwra Boro, who resides in Mumbai, gets Rs. 20,000 as basic salary. He received Rs. 40,000 per month as house rent allowance during the previous year 2022-23, Rent paid by him is Rs. 35,000 per month. Ascertain the amount of taxable house rent allowance for the assessment year 2023-24.

(c) Briefly discuss the significance of corporate tax planning in financial management decisions, such as capital structure and make or buy decisions.

(d) Explain the importance of tax planning considerations in the decision making process related to setting up a business, including location and form of organization.

(e) Herbert Brahma, an American citizen, came to India for the first time on 15th May, 2020 and stayed in Guwahati till 30th June, 2020. Thereafter, he left India for U.K. He again came back to India on 4th November, 2020 and stayed in Mumbai till 16th March, 2021. Thereafter, he left India for Paris and never came back to India. Determine his residential status for the Assessment year 2021-22.

(f) Nirupama Roy of Morigaon is the owner of house property in Guwahati. The house is let out at a rent of Rs. 10,000 per month. Its municipal valuation is Rs. 1,20,000 per annum and standard rent is Rs. 1,15,000 per annum. 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 2023-24.

(g) Discuss the mechanisms through which double taxation relief is provided and its impact on cross-border business operations.

(h) Write a note on 'Block of Assets' under the Income Tax Act, 1961.

(i) Distinguish between Tax planning and Tax Management.

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

(a) Define the concept of Tax Planning. And outline the various heads under which taxable income is computed for individuals and briefly describe each.  
2+8=10

(b) Assess the impact of tax planning on financial management decisions in corporate taxation, including capital budgeting, financing decisions and dividend policy.

(c) Following are the particulars of Mr. Paskel Turkey for the previous year 2022-23 :

(i) Salary received in India for services rendered in India Rs. 2,40,000

(ii) Salary received in India for services rendered in Germany Rs. 3,00,000

(iii) Income received in India from property in London Rs. 1,20,000

(iv) Profit from business in Pakistan received in India Rs. 80,000

(v) Profit of business in Canada being controlled from India deposited in a bank of Canada Rs. 60,000

(vi) Profit earned from business in Guwahati Rs. 1,60,000

(vii) Profit of business at Atlanta, USA but not controlled from India Rs. 1,00,000

(viii) Past untaxed foreign income brought into India during previous year Rs. 90,000

Ascertain the income of Mr. Paskel Turkey for the Assessment Year 2023-24 assuming that he is

(a) a resident and ordinarily resident;

(b) a resident but not ordinarily resident; and

(c) a non-resident

5. Answer **any one** of the following questions :  
14×1=14

(a) Evaluate the role of tax planning in optimizing operational efficiency and profitability for business operating in Special Economic Zones (SEZs), Export Processing Zones (EPZs) and Export Oriented Units (EOUs).

(b) Mr. Kartik Gogoi has joined in service with IDBI. He was entitled to the following emoluments :

- (i) Basic Salary Rs. 80,000 p.m.
- (ii) Dearness allowance 50% of Basic Salary
- (iii) Entertainment Allowance Rs. 1000 p.m.
- (iv) Children Education Allowance Rs. 400 p.m. for two children.
- (v) Tribal area allowance Rs. 500 p.m.
- (vi) House Rent Allowance Rs. 7,500 p.m. He pays Rs. 6000 p.m. as rent.
- (vii) He contributes Rs. 5,000 p.m. to RPF to which his employer contributes an equal amount.

(viii) He was provided with a watchman and a cook who were paid salary of Rs. 4000 p.m. each by the Company.

(ix) Arrear salary received Rs. 2,00,000 p.a.

(x) LIC premium paid Rs.10,000 half yearly

(xi) Deposit to SBI PPF Account Rs. 5,000 monthly

(xii) Contribute 10% of Basic Salary to NPS

Compute his Taxable Income from Salary and also ascertain the net tax payable for the assessment year 2023-24.