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S – 6924

Reg. No. :

Name :

Third Semester M.Com. Degree Examination, February 2024

Elective: Finance

Paper I: CO 231U – INCOME TAX PLANNING AND MANAGEMENT

(2018 Admission Onwards)

Time : 3 Hours

Max. Marks : 75

SECTION – A

Answer **all** questions. Each question carries **2** marks.

1. What is meant by Maximum Marginal Rate of tax?
2. Define Tax Management.
3. What is meant by Tax avoidance?
4. What is Tax holiday?
5. State the meaning of Book Profits.
6. Define a foreign company.
7. What is meant by refund of income tax?
8. Distinguish between TDS and TCS.
9. What is meant by advance payment of tax?
10. What is DTAA?

(10 × 2 = 20 Marks)

P.T.O.



SECTION – B

Answer any **five** questions. Each question carries **5** marks.

11. Discuss any five deductions applicable to individuals in respect of Payments under IT Act.
12. Distinguish between Tax Planning and Tax Management.
13. Write explanatory note on Black Money Act 2005.
14. Under Section 40 (b) what items are disallowed as deduction while computing income from business of a partnership firm?
15. State the tax planning in respect of capital structure decisions under IT Act.
16. Discuss the concepts of rebate of tax and relief of tax.
17. Discuss the provisions regarding double taxation relief.
18. Write short notes on
 - (a) Arms length price and
 - (b) International Settlement Commission.

(5 × 5 = 25 Marks)

SECTION – C

Answer any **two** questions. Each question carries **15** marks.

19. Explain the tax planning in respect of
 - (a) Make or Buy
 - (b) Repair, replace or Renovation of an asset.
20. Discuss the impact of income tax on various corporate decisions.



21. A, B and C are partners of a firm, sharing profits and losses in the proportions of $\frac{2}{5}^{\text{th}}$, $\frac{2}{5}^{\text{th}}$ and $\frac{1}{5}^{\text{th}}$ respectively. The Profit and Loss account for the year ended 31 March 2022 is as follows.

Debit items	Amount (Rs.)	Credit items	Amount (Rs.)
To Sundry trade expenses	1,02,000	By Gross profit b/d	4,78,200
To interest on capital A – Rs.13,000 B – Rs.6,500 C – Rs.6,500	26,000	By interest on Securities (Gross)	10,000
To rent to B	30,000		
Salary to B	72,000		
Commission to C	36,000		
Net Profits	<u>2,22,200</u>		
Total	<u>4,88,200</u>	Total	<u>4,88,200</u>

Compute the total income of the firm and taxable income of the three partners in the firm. B and C are working partners.

22. Sahas Company Limited is a widely - held domestic company. The following are the particulars of its income in respect of the Previous Year 2021-22.

	Rs.
(a) Income from business	1,09,80,000
(b) Interest on Government securities	20,000
(c) Short term capital gains u/s 111 A	30,000
(d) Long term Capital gains	66,000
(e) Dividend from domestic company (gross)	20,000
(f) Dividend from foreign company	20,000
(g) Book profits u/s 115 JB	1,05,00,000

During the previous year the company donated by cheque Rs.50,000 to National Defence Fund. Compute the total income and tax payable by the Company for the assessment year 2022-23.

(2 × 15 = 30 Marks)

