



K24P 0361

Reg. No. :

Name :

**IV Semester M.Com. Degree (CBSS – Reg./Supple. – (One Time Mercy
Chance)/Imp.) Examination, April 2024
(2014 – 2016 Admissions)
Elective – A : FINANCE**

COM4E04 : Corporate Tax Planning and Management

Time : 3 Hours

Max. Marks : 60

SECTION – A

Answer **any four** questions in this Section. **Each** question carries **1** mark for Part **(a)**, **3** marks for Part **(b)** and **5** marks for Part **(c)**.

1. a) Explain Book Profit.
- b) Describe the procedure of assessment after the partition of Hindu Undivided Family.
- c) Following are the incomes of a domestic company for the year ended 31st March, 2022 :
 - i) Business profit → 4,00,000.
 - ii) Income from Mutual Fund (Gross) → 4,000.
 - iii) Royalty received from a foreign concern for providing technical knowledge → 16,000.
 - iv) Free from an Indian company for technical advise → 12,000.
 - v) Dividend from a foreign company → 8,000.
 - vi) Company has donated to National Rural Development Fund during the previous year → 8,000.

Compute the total income of the company for the Assessment Year 2022 – 23.
Find out tax liability if the book profit of the company is Rs. 10,00,000 u/s 115JB.

2. a) Indicate the time limit for filing the appeal.
- b) List any 3 offences and its penalty under Income Tax Act.
- c) Discuss Best Judgement Assessment.

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3. a) List any four incomes exempt in the hands of NRI.
b) Differentiate between tax planning and tax evasion.
c) "Payment of interest and remuneration to partners of a firm as provided in Sec. 40b reduces the tax liability of the firm and its partners". Do you agree with the statement ? If yes enumerate a case where by payment of interest and remuneration to partners their tax liability is reduced.
4. a) Describe Bonus Share.
b) Explain the factors you need to consider while fixing 'make or buy' decision.
c) Prakrithi Limited wants to raise capital of Rs. 10,00,000 for a project where earning before tax shall be 20% of the capital employed. The company can raise debt fund @ 9% p.a. Suggest, which of the following 3 alternatives should it opt for :
a) Rs. 10,00,000 to be raised by Equity Capital.
b) Rs. 8,00,000 by Equity and Rs. 2,00,000 by Loans.
c) Rs. 2,00,000 by Equity and Rs. 8,00,000 by Loans.
Assume the company shall distribute the entire amount of profit as dividend and tax rate is 27.82%.
5. a) Explain Amalgamation.
b) Write a note on 'tax incentives to demerged company'.
c) "If a person is running more than one business the loss making business should not be continued but operated at a low key for some time". Examine the statement.
6. a) Discuss interim dividend.
b) Summarize the assessment when Sec. 184 is not complied with.



- c) A motor car company requires 10,000 units of a part of car engines. From the following information (Total cost of 10,000 units) suggest to the company whether it should make the part itself or buy it from the market :

Direct material → 20,000

Direct labour → 80,000

Variable factory overhead → 40,000

Fixed factory overhead → 80,000

Total cost → 2,20,000

A manufacturer offers to sell the same part @ Rs. 20 per unit.

If the company manufactures the part, it doesn't require any additional facility.

(4×9=36)

SECTION – B

Answer the **two** questions in this Section. **Each** question carries **12** marks.

7. a) "Tax incentives have been provided for amalgamation to amalgamating company, the shareholders of amalgamating company and the amalgamated company". Enumerate the incentives provided to the amalgamating company and its shareholders.

OR

- b) Shri Sethu is a 'Karta' of a HUF. He furnished the following information about his family income for the year ended 31st March 2022 :
- i) Salary received from a member who is serving at some place → 5,40,000.
 - ii) Business income → 6,04,500.
 - iii) Director's fees received by Karta from personal efforts → 20,000.
 - iv) Gross Annual value of let out property → 16,000.
 - v) Municipal tax on property paid → 1,600.
 - vi) Long term capital gain → 25,000.
 - vii) Dividend from Indian Company (Gross) → 11,500.
 - viii) Profit share in an AOP → 80,000.
 - ix) Donation to a recognised medical institute by cheque → 68,000.

Compute the total income of the family. A member of the family is disabled and the family spent Rs. 28,000 for his treatment. You are also required to calculate the tax payable by the family.



8. a) Tax management is essential for every assessee but tax planning is optional.
Comment.

OR

- b) Ms. Remya has received offers from the employers of Delhi for the service as under :

Particulars	A	B
Salary	3,00,000	3,60,000
D A	3,22,500	3,22,500
Bonus	12,000	60,000
Rent free house (FRV)	2,16,000	—
House rent allowance	—	1,08,000
She will pay rent Rs. 18,000 p.m.	—	—
	8,50,500	8,50,500

Which offer should she accept and Why ?

(2×12=24)

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