

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER 3– EXAMINATION – SUMMER 2019**Subject Code:830201****Date:08/05/2019****Subject Name: Corporate Taxation and Financial Planning****Time:02:30 PM To 05:30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

- Q.1 (a)** Define the terms **07**
- (a) Previous Year
 - (b) Person
 - (c) Gross Total Income
 - (d) Assessment Year
 - (e) Education Cess
 - (f) Indian Income
 - (g) Surcharge
- Q1. (b)** X, a foreign national (not being a person of Indian origin), comes to India for the first time on April 15, 2013. During the financial year 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18, he is in India for 130days, 80days, 13days, 210days and 75days respectively. Determine the residential status of X for the AY 2018-19. **07**
- Q.2 (a)** Write a short-note on MAT Provisions. **07**
- (b)** Write a short-note on Limited Liability Partnership. **07**
- OR**
- (b)** X an employee of ABC (P) Ltd., posted at Ajmer (population: 18 lakh), draws Rs.3,00,000 as basic salary, Rs.10,000 as dearness allowance (forming part of salary for all retirement benefits) and Rs.5,000 as commission. Besides, the company provides a rent-free unfurnished accommodation in Ajmer. The house is owned by the company. Fair rent of the accommodation is Rs.50,000 per annum. Determine the taxable value of the perquisite for the AY 2018-19. **07**
- Q.3 (a)** Write short note on Deductions U/s. 80-IA- Profits and Gains from Industrial Undertaking or Enterprises engaged in Infrastructure Development etc. **07**
- (b)** Write a note on Double Taxation Avoidance Agreement (DTAA). **07**
- OR**
- Q.3 (a)** Write a note on Deduction U/s.80C. **07**
- (b)** Write a short note on Sec.80JJAA- Deduction in respect of employment of new workmen. **07**
- Q.4 (a)** Distinguish between Tax Planning Vs. Tax Management. Give an example of Tax Planning. **07**
- (b)** What is dividend as per Sec.2(22)(a) to 2(22)(e). What is tax treatment for them? **07**
- OR**
- Q.4 (a)** X Ltd., manufactures electric pumping sets. The company has the option to either make or buy from the market component Y used in manufacture of the sets. The **07**

following details are available:

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The component will be manufactured on new machine costing Rs.1 lakh with a life of 10 years. Material required cost Rs.2 per kg and wages Re. 0.30 per hour. The salary of the foreman employed is Rs.1,500 per month and other variable overheads include Rs.20,000 for manufacturing 25,000 components per year. Material requirement is 25,000kgs and requires 50,000 labour hours. The component is available in the market at Rs.4.30 per piece. Will it be profitable to make or buy the component? Does it make any difference if the component can be manufactured on an existing machine? The machine cost net of taxes is Rs.77,709.

- (b) X Ltd. is widely-held company. It is currently considering a major expansion of its production facilities and the following alternatives are available: **07**

Particulars	Alternative I	Alternative II	Alternative III
Share Capital	5,00,00,000	2,00,00,000	1,00,00,000
Debentures (14%)	-	2,00,00,000	1,50,00,000
Loan from IDBI (18%)	-	1,00,00,000	2,50,00,000

Expected rate of return (before tax) is 25%. The rate of dividend of the company since 1990 is not less than 20% and the date of dividend declaration is June 30 every year. Take the effective tax rate as 33.384% (including surcharge and cess if income exceeds Rs.1Crore) and tax rate as 31.2% (if the income is less than Rs.1Crore).

- Q.5** (a) Write a short-note on set-off and carry-forward of losses. **07**
 (b) Write a short-note on any seven deductible expenses u/s.28 to 37. **07**

OR

- Q.5** (a) Write a short-note on Exemption U/s.54D. **07**
 (b) Write a short-note on allowances under Salary. **07**
