

Reg. No. :

Name :

Sixth Semester B.Com. Degree Examination, March 2020

Career Related First Degree Programme Under CBCSS

2(a)-Commerce and Tax Procedure and Practice

Vocational Course IX — CX 1671

INCOME TAX PLANNING

(2013 Admission onwards)

Time : 3 Hours

Max. Marks : 80

PART – A

Answer **all** questions in one or two sentences each. Each question carries **1** mark.

1. Define tax planning.
2. What is MAT?
3. What do you mean by converted property?
4. What is DDT?
5. What is unabsorbed depreciation?
6. State any two tax incentives available to amalgamating company.
7. What do you mean by a widely held company?

8. Who is a representative assessee?
9. Write any two fully exempted allowances.
10. What is LTCG?

(10 × 1 = 10 Marks)

PART – B

Answer **any eight** questions in not exceeding one paragraph. Each question carries **2** marks.

11. Write any two tax evasion practices.
12. What is meant by tax holiday?
13. What is double taxation?
14. What is the standard deduction for family pension?
15. Define tax avoidance.
16. What is accelerated assessment?
17. What is STT? Explain its implication on LTCG.
18. What do you mean by tonnage tax system?
19. What is a demerged company?
20. What are the schools of Hindu law?
21. State the deduction u/s 80 U.
22. State section 40 (b).

(8 × 2 = 16 Marks)

PART – C

Answer any six questions. Each question carries 4 marks.

23. State the differences between tax planning and tax management.
24. Explain tax planning based on residential status of an assessee.
25. Compute tax payable by Modern Ltd for the P.Y 2018-19 under the following cases;
 - (a) Total Income is Rs. 6,00,000 and Book profit u/s 115 JB Rs. 24,00,000
 - (b) Total income is Rs. 4,00,000 and Book profit u/s 115 JB Rs. 6,50,000.
26. What are the benefits available to new business ventures under Income Tax Act?
27. From the following information you are required to compute tonnage tax payable by a tonnage tax company for the A.Y 2019-20.

The company has two qualifying ships. The net tonnage of ship 1 is 28,729 tons 400 kg and ship II is 16,550 ton 500 kg. Ship I runs for 365 days and ship 2 for 150 days during the previous year respectively. Turnover of core activities is Rs. 30 crore and profit from incidental activities is Rs. 8,00,000.

28. A and B want to start a business, the estimated profits of which for the year are Rs. 10,00,000. They have two options for selecting a form of organization:
 - (a) Partnership firm:
 - (i) 12% interest on capital of Rs. 7,50,000 each
 - (ii) Salary Rs. 2,00,000 p.a each
 - (iii) Equal distribution of remaining profits.

(b) Company:

- (i) Rs. 5,00,000 each as share capital and Rs. 2,50,000 each as loan @ 15%
- (ii) Salary Rs. 2,00,000 p.a each
- (iii) Distribution of remaining profits as dividend equally.

Which option is better from tax point of view?

29. Mr. Vineesh is an employee of XY Ltd. He will get the following amounts during the Financial Year 2018-19.

Basic pay Rs. 12,000 p.m

DA (forming part of pay) Rs. 5,000 p.m

Interest credited to RPF @ 9.5%-10,000

RFA at Delhi (rent paid by the company Rs. 5,000 pm)

Leave salary for one month Rs. 17,000

He contributed Rs. 2,200 p.m to RPF and an equal amount was contributed by the employer.

Find out the Total Income for the Assessment Year 2019-20.

30. The following income details of Mr. Sangeeth are available.

- (a) Income accrued in USA but received in India Rs. 30,000
- (b) Rs. 40,000 earned in England and received there but brought to India
- (c) Rs. 50,000 earned in India but received in Germany
- (d) Rs. 1,00,000 earned and received in Doha from a business controlled from India
- (e) House property income (computed) from Doha Rs. 20,000 received there

(f) Rs. 40,000 was past untaxed foreign income which was brought to India during the previous year.

(g) Profit from a business in Kanpur Rs. 1,00,000

Compute taxable income if Mr. Sangeeth is:

(i) Ordinarily Resident

(ii) Not ordinarily resident

(iii) Non resident.

31. Explain the tax planning for companies.

(6 × 4 = 24 Marks)

PART – D

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

32. From the following particulars furnished by the Karta of a Hindu Undivided Family, compute the total income of the family for the year 2018-19.

Profit from business – Rs. 50,000

Salary received by a member of the family employed in a Govt. Department
Rs. 40,000

Director's fees received by Karta (individual capacity) - Rs. 5,000

Municipal value of the property let-out (rent receivable Rs. 10,000) - Rs. 8,000

Dividend from a co-operative society – Rs. 4,000

Dividend from an Indian company – Rs. 5,000

Donations to Rajiv Gandhi Foundation – Rs. 5,000

During the year the family sold some jewellery for Rs. 60,000, the indexed cost of which was Rs. 33,536.

33. Discuss the tax planning for individuals.
34. From the information given below, compute income from business of AB associates, a firm of A and B who share profits and losses in the ration of 1:2 and also calculate the total income of members.

Net profit as per P and L a/c (after debiting the following) – Rs. 20,000

- (a) Salary: Partner A – Rs. 60,000, Partner B – Rs. 40,000
- (b) Commission: Partner A – Rs. 20,000
- (c) Interest on capital (15%): Partner A — Rs. 9,000, Partner B — Rs. 6,000
- (d) Rent paid to partner B — Rs. 36,000.

The payments to partners A and B (who are working partners) have been made in accordance with the partnership deed. The firm satisfies the conditions of section 184. Partner A has income from other sources of Rs. 40,000 while Partner B has short term capital gains of Rs. 50,000 and long term capital gains of Rs. 60,000.

35. Explain tax planning related to income from House Property.

(2 × 15 = 30 Marks)
