Seat No.: ________ Enrolment No.___________

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA - SEMESTER–III • EXAMINATION – WINTER 2013

Subject Code: 830201 **Date: 19-12-2013**

Subject Name: Corporate Taxation and Financial Planning (CT&FP)

Time: 14:30 pm – 17:30 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)** Explain the term tax planning. State the difference between tax planning and tax management. **07**

(b) An individual may have any of the three residential status. Explain in detail the conditions to determine the same? **07**

Q.2 **(a)** Sachin who resides in Pune, receives Rs.42,000 per month as basic pay during the previous year 2012-13. He stays in his father's house up to October 31, 2012 for which he does not pay any rent and thereafter he takes an accommodation on monthly rent of Rs.20,000. The employer, however, pays Rs.12,500 per month as house rent allowance throughout the previous year. He claims that the full house rent allowance should be exempt from tax U/s.10(13A) read with rule 2A. Is he legally correct? Compute the actual amount exempted from tax. **07**

(b) Discuss the provisions regarding set-off and carry forward of losses. **07**

OR

(b) Write short note on tax liability computed under normal provisions and under minimum alternate tax. **07**

Q.3 **(a)** Write short note on Section 80-IA in respect of profits and gains from industrial undertaking or enterprises engaged in infrastructure development. You may choose any one case of your choice. **07**

(b) Find out the tax consequences in the following cases: **07**

1. Business profit of X Ltd, a tea growing and manufacturing company, is Rs.70 lakh for A.Y. 2012-13. It deposits Rs.25 lakh in the special account for claiming deduction u\s33AB. It wants to set off b\f loss of Rs.12lakh.
2. By withdrawing Rs.20lakh on January 20, 2013 from the special account, X ltd, purchases a non-depreciable asset for Rs.18lakh according to the scheme framed by the Tea Board. The remaining amount of Rs.2 lakh is not utilized up to March 31, 2013.

OR

Q.3 **(a)** Define person according to Income Tax. Explain giving the example of each. **07**

(b) X Ltd. is a 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 Crore	2 Crore	1 Crore
Debentures (14%)	-	2Crore	1.50 Crore
Loan from ICICI (18%)	-	1 Crore	2.50Crore

Expected rate of return (before tax) is 25%. The rate of dividend of the company since 1980 is not less than 20% and the date of dividend declaration is June 30 every year. As a tax consultant advise which option is better?

Q.4	**(a)**	What is Hire purchase of an asset? How it differs from lease?	**07**
	(b)	Discuss tax planning aspects of “Make or Buy” decision?	**07**
		OR	
Q.4	**(a)**	Evaluate Section 9(1)(v)- Income by way of interest.	**07**
	(b)	What is capital asset, explain in detail. What is the basis to charge capital gains?	**07**
Q.5	**(a)**	Write a short note on Section 80C.	**07**
	(b)	Discuss the provisions relating to deduction of tax at source from salary.	**07**
		OR	
Q.5	**(a)**	Explain any 7 instances in which income is exempt from tax.	**07**
	(b)	How is depreciation calculated under Income Tax? Critically examine its method and important applicable conditions.	**07**

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