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**M. B. A./M. B. A. (MM) (Third Semester)**  
**Examination, April-May, 2014**

**TAXATION and TAX PLANNING MANAGEMENT**

*Paper : MS-209*

*Time Allowed : Three hours*

*Maximum Marks : 70*

**Note :** Attempt all questions. All questions carry equal marks. Working notes should be a part of your answer while attempting numerical questions.

**Unit-I**

1. Mr. Rozar an Indian citizen provides the following informations and expects you to determine his residential status for the previous year 2011-12 and also wants to know on which incomes given below he is liable to pay Income tax in India in Assessment Year 2012-13 :

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- (i) He first time went to Singapur on 11-7-2002 and stayed their for 248 days and came back to India.
- (ii) On 1 February 2004. He went to Japan and came back to India on 24 November 2004.
- (iii) He went to USA on 7th October, 2005 and lived their for 302 days.

He went to Spain on 19 May, 2009 and came back to India on 24 September, 2010. In the previous year his was at Moscow for 305 day.

During the previous year his :

- (i) Income from sale of house property in Rajasthan Rs. 1,60,000. Half of this amount was received in Canada.
- (ii) Royalty from a resident for technical services provided outside India Rs. 2,40,000.
- (iii) Income from a business carried in Japan Rs. 5,00,000 of which Rs. 3,00,000 was received in India. This business is controlled from India.
- (iv) Royalty received from Mr. Mezona a resident for technical service provided to run a business outside India Rs. 4,40,000.

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- (v) Interest-received from Mr. Trurk a non resident, agaisnt a loan provided to him to run a business in India Rs. 1,00,000.
- (vi) Income from a house property situated in Spain. 40% rent was received in Spain and 50% was received in India and remaining 10% was received in Japan.

Or

Give a brief history of Income tax in India. Specify clearly important reformat changes took place in Indian income tax Act from 1990 to 2010.

#### Unit-II

2. Mr. Gargav Bhola, a General manager in TCS India submits the following details of his income from salary for the previous year 2011-12 :

- (a) He was appointed as GM on 1st July, 2008 in the the pay scale of 35,000-6,000-38,000-10,000-1,00,000.
- (b) He is entitled to the following allowances : Dearness Allowance @ 25% of basic pay. Medical allowance @ 15% of the basic pay.

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- Entertainment allowance @ 5% of Basic pay + Dearness allowance.
- (c) He is given a rent free furnished house at Mumbai. The company paid Rs. 40,000 per month as rent of the house. Cost of furniture was valued Rs. 12,00,000.
- (d) Pension from previous Employer Government of M. P. Rs. 24,000 per month.
- (e) Amount of Provident Fund final settlement received in the previous year from previous employer Rs. 4,50,000.
- (f) In the previous year he received Rs. 5,50,000 as lump sum against commutation of his pension from previous employer (his last pay in previous job was Rs. 38,000).

TCS Co. paid his following bills :

- (i) Club membership fees Rs. 2,60,000  
(membership is necessary for officer of his status in the company regarding to TCS H. R. rules)
- (ii) His LTC tour cost Rs. 2,90,000.

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- (iii) His and his wife's LIC premium Rs. 2,80,000 and 2,10,000 respectively.

Compute Taxable income of Mr. Gargav Bhola from salary head.

(Show all workings in footnotes for calculations and assumptions)

**Or**

Give Income Tax Act provisions for the following :

- (i) Tax holiday 10 A, 10 B, 10 BA,
- (ii) Any four exempted incomes
- (iii) Deduction from Capital Gain under section 54-B and 54 F
- (iv) Computation of net annual value of house property for income from house property.

**Unit-III**

3. Discuss Income Tax Act provisions for the following :

- (i) Grossing up of the Dividend and Interest income from securities.

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- (ii) Depreciation provisions for plant and machines
- (iii) Allowed business losses and capital expenditures
- (c) (iv) Special expenses allowed subject of certain conditions from income from business of a company.

**Or**

Discuss Income Tax Act provisions for the following :

- (d) (i) Development Rebate for Indian Companies.
- (e) (ii) Assessment procedure of an Individual.

**Unit-IV**

- 4. Describe Income Tax Act Provisions for the following :
  - (f) (i) Filling of Return for a company and a business firm
  - (ii) Deduction of Income Tax at source from income from interest on securities and salary.

**Or**

- (a) Explain the powers of the following income tax authorities :
  - (i) Income Tax Commissioner
  - (ii) Income Tax Inspector

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(b) Describe Income Tax Act provisions for :

- (i) Refund of tax to a business and an Individual
- (ii) Assessment procedure of a company assessee

**Unit-V**

5. Define and distinguish between the following :

- (i) Tax Planning and Tax Management
- (ii) Tax Avoidance and Tax Evasion

**Or**

What do you do in the function of Tax management.  
Why tax management is so important for corporates and  
business houses? Discuss.

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