

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER (3) – EXAMINATION – SUMMER 2019

Subject Code: 3539282

Date: 06/05/2019

Subject Name: Corporate tax 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. No.	Question Text and Description	Marks
Q.1	Definitions / terms / explanations / short questions based on concepts of theory/practical (a) Tax Evasion (b) Double Taxation (c) Permissible Deduction (d) GST (e) Assessee (f) Domestic Company (g) Define LLP	14
Q.2	(a) Explain capital gain exemption under sections 54 to 54 GA.	07
	(b) State and explain briefly any 4 Deduction allowable under section 80 of Income Tax Act.	07
	OR	
	(b) State the method of computation of Book Profit (115 JB) for the company.	07
Q.3	(a) List out different areas of Tax Planning and explain any two in detailed.	07
	(b) Discuss the tax provisions for Sections 33AB-Tea/Coffee/Rubber Development Account and 44AE-Transport Operators.	07
	OR	
Q.3	(a) When is Minimum Alternate Tax applicable? How is Minimum Alternate Tax Calculated?	07
	(b) Explain giving suitable example - tax planning & tax avoidance.	07
Q.4	(a) Explain incidence of tax for company and HUF	07
	(b) Give illustration to explain Indian income & foreign income.	07
	OR	
Q.4	(a) Discuss Arm's Length Price and explain in detail the methods of computing ALP	07
	(b) Describe any 14 incomes that are exempted from tax.	07

Q.5

CASE STUDY:

Raj Ltd is manufacturer of High quality shoes and they are thinking of computerization of Companies Ordering, inventory and billing procedures. He estimates that the annual savings from computerization include a reduction of 10 clerical employees with an annual salaries of Rs 15,000 each, Rs 8000 from reduced production delay caused by raw material inventory problems, Rs 12,000 from lost sales due to inventory stock outs and Rs 3000 associated with timely billing procedures.

The purchase price of the system is Rs 2,00,000 and installation cost are Rs 50,000. These outlays will be depreciated on straight lines base to a zero book salvage value which is also its market value at the end of the fifth year. Operating of new system requires two Computer specialists with annual salaries of Rs 40,000 per person and maintenance cost of Rs 12,000 per year. The tax rate is 40% and the rate of return for the project is 12% (PV of annuity of Rs1 at 12% for 5 year is 3.605 and PV of Rs 1 at 12% at the end of the fifth year is 0.567)

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| (a) | Find the project cash outlay and also find the cash inflow | 07 |
| (b) | Evaluate the project using net present value | 07 |

OR

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|------------|-----|--|-----------|
| Q.5 | (a) | Find the Project Cash flow& NPV assuming the system can be sold for 25,000 at the end of the fifth year | 07 |
| | (b) | Find the project cash flow and NPV assuming that the book salvage value for depreciation purpose is Rs 20,000. | 07 |
