

Master's Degree Examination – November 2017
Semester-III

Class: II PG
Major: Commerce

Time: 3 Hours
Max. Marks: 60

12MCOC18 Specialisation I P.II
18A Finance – Tax Planning and Management

Part – A

(10 x 1/2 = 5)

Answer the Following

- Under the Income Tax Act, the incidence of Taxation depends on:
 - the citizenship of the tax payer
 - the age of the tax payer
 - the income level of the tax payer
 - the residential status of the tax payer
- Income from rent of agricultural lands is:
 - Agricultural income
 - Business income
 - House property income
 - Casual income
- Medical allowance received by an employee is -----
 - Fully taxable
 - Fully exempted
 - Exempted up to 15,000
 - Exempted up to 10,000.
- Income from subletting a house is taxable under the head:
 - House property
 - Salary Income
 - Income from Other Sources
 - Business Income
- Rate of tax for long term capital gain is:
 - 10%
 - 20%
 - 15%
 - 30%
- Unabsorbed Depreciation can be carried forward for set-off-----
 - for a period of 4 years only
 - for a period of 8 years only
 - for a period of 6 years only
 - for an unlimited number of years
- A company is said to be a resident if -----
 - it is a foreign company
 - it is an Indian company
 - control and management wholly situated outside India
 - control and management partially situated in India.
- Deduction allowed u/s 80D for senior citizen shall be
 - ₹ 8,000
 - ₹10,000
 - ₹15,000
 - ₹20,000
- Sum of the various heads are called -----
 - Taxable Income
 - Total Income
 - Gross total Income
 - Net Income.
- Reduction admissible from tax liability is known as ---
 - Exemption
 - Rebate
 - Deduction
 - Refund

Economic conditions/IQ	High	Medium	Low	Total
Rich	160	300	140	600
Poor	140	100	160	400
Total	300	400	300	1000

Answer All the Questions

Answer should not exceed 200 words or one page

11. (a) What are the causes of Tax Evasion?

(or)

(b) Miss. Nisha left India for Iran on 15th July 2014 for taking up a job in engineering firm there. She returned to India on 15th September 2016. She was never out of India in the past. What is her residential status for the previous year 2016-17?

12. (a) Calculate Annual Rental Value from the particulars given below:

	₹
Municipal Rental Value	60,000 p.a.
Fair Rental Value	66,000 p.a.
Actual Rent	7000 p.m.
Standard Rent	69,000 p.a.

(or)

(b) From the following profit and loss account of Mr. Karthick, calculate income from Business for the previous year 2016-17.

	₹		₹
To Salary to employees	20,000	By Gross Profit	1,50,000
To Provision for Bad debts	12,000	By Interest on securities received	7,300
To Donations	6,000		
To LIC premium paid	2,000		
To Sale Tax paid	3,000		
To Net profit	1,14,300		
	1,57,300		1,57,300

13. (a) Compute the Taxable Capital Gain from particulars given below:

- i) Net consideration of a residential house ₹ 20,00,000 (2-6-2016) [C.I.I : 1125]
- ii) Cost of acquisition of this house ₹ 2,10,000 (1-5-87) [C.I.I : 150]
- iii) New House acquired on 1-9-2016 for ₹ 2,00,000.

(or)

(b) Mr. Nagaraj has the following incomes during the year ending 31-3-2013.

	₹
1. Dividend received from M Ltd. [Indian co.]	15,000
2. Received gift on his marriage	1,40,000
3. Winning from Lottery [Net]	35,000
4. Interest received on Investment in securities of Z Ltd.	5,000

Compute income from other sources for the assessment year 2017-18.

14. (a) The following are particulars of the income of Madras University teacher during the year ending 31st March 2017.

	₹
i) Income from Salary	6,38,880
ii) Income from House Property (Computed)	29,560
iii) Income from Other sources	20,300
iv) Deduction u/s 80	84,680

Find out his Total Income and Tax Liability.

(or)

(b) Compute the tax payable by a company for the Assessment year 2017-18 if its total income is ₹ 4,00,000 and book profit is ₹ 15,00,000.

15. (a) What are the various methods of Tax Planning?

(or)

(b) How do you make tax planning for Employee Remuneration?

Part – C (5 x 7 = 35)

Answer All the Questions

Each answer should not exceed 600 words or three pages

16. (a) How would you determine the residential status of a person?

(or)

(b) Compute the Total Income of Mr. Mani for the Assessment Year 2017–2018 if he is a) Resident b) NOR c) Non Resident.

	₹
(i) Profit from Business in Bangalore	10,000
(ii) Income Accrued in India but Received in Japan	4,000
(iii) Profit from business in Canada but received in India	5,000
(iv) Income from house property in Karachi received in Bombay	4,000
(v) Profit from business established in England and deposited there, the business being controlled from India	20,000
(vi) Income from House Property in America and deposited there	2,000
(vii) Past Untaxed income brought into India during the Previous Year	12,000

17. (a) Mr. M is a production manager of an industrial unit at Chennai. The particulars of his salary income are as under:

	₹
Basic Salary	15,000 p.m.
Dearness allowance (given under the terms of employment)	5,000 p.m.
Entertainment allowance	1,000 p.m.
Medical allowance	500 p.m.
House Rent allowance	4,000 p.m.
Rent paid for the house	5,000 p.m.
Car of 1.2 lt. capacity provided by employer for private and official use.	
Employer meets expenses of car.	
He and his employer (each) contribute 15% of salary to R.P.F	
Mr. M had taken interest free loan of ₹15,000 to purchase refrigerator.	

Compute income under the head salary for the assessment year 2017-18.

(or)

(b) From the particulars given below for two self occupied houses advise the owner as to which house she should choose as self-occupied for the assessment year 2017-18:

Particulars	House A	House B
	₹	₹
Municipal rental value	24,000 p.a.	30,000 p.a.
Municipal taxes paid	1,000 p.a.	1,500 p.a.
Ground Rent	500 p.a.	1,000 p.a.
Fire Insurance Premium paid	1,000 p.a.	2,000 p.a.
Interest on loan taken to construct the house	15,000 p.a.	18,000 p.a.

18. (a) Explain briefly the provisions relating to deduction u/s 80C from Gross Total Income.

(or)

(b) From the particulars given below, compute the total income for the previous year 2016-17.

	₹
i) Income from Let-out House(computed)	6,000
ii) Profit from electric good business after depreciation	10,000
iii) Profit from agency business	3,000
iv) Speculation gain from Gold	2,000
v) Long term Capital gain	7,000
vi) Short term Capital gain	2,000

Following losses have been brought forward from 2010-11 previous year:

	₹
i) Loss from electric goods business	6,000
ii) Loss from agency business	1,000
iii) Speculation loss from Silver	4,000
iv) Unabsorbed Dep.	1,000
v) Long term Capital loss (Land)	4,400
vi) Short term Capital loss	3,000

19. (a) What are the various types of companies as per Income Tax Act.

(or)

(b) A, B & C are partners in a firm assessed u/s 185 sharing profits and losses equally. The following is the profit and loss account of the firm:

	₹		₹
To Manufacturing expenses	15,000	By Gross Sales	50,000
To Depreciation	7,000	By Interest on securities	
To Salary to A	6,000	(Gross)	3,000
To Commission to B	4,000		
To Interest on Capital			
A	1,000		
B	2,000		
C	3,000		
To Net profit			
A	5,000		
B	5,000		
C	5,000		
	53,000		53,000

Compute the firm's Total Income.

20. (a) Describe the Tax Planning with respect to setting up of new business.

(or)

(b) Explain the Tax relief's and Benefits in case of Amalgamation and Merger of Companies.
