



**Avinashilingam Institute for Home Science and Higher Education for Women**

Deemed to be University Estd. u/s 3 of UGC Act 1956, Category A by MHRD (now MoE)

Re-accredited with A++ Grade by NAAC. CGPA 3.65/4, Category I by UGC

Coimbatore - 641 043, Tamil Nadu, India

**Master's Degree Examination - May 2025**

**IV Semester**

**Class : II PG**

**Time: 3 Hours**

**Major : Commerce / Commerce C.A.**

**Max. Marks: 100**

**23MCOC24A Elective I P.IV Finance - Tax Planning and Management /  
23MCCC24 Tax Planning and Management**

**Course Outcomes:**

CO1: Compare and contrast tax planning, tax management and tax evasion.

CO2: Knowledge on tax planning under various heads of income.

CO3: Computation of gross total income of an assessee.

CO4: Computation of tax liability of various assessee.

CO5: Understand the provisions relating to corporate tax planning.

**Part A**

**10 x 1 = 10**

**Choose the Correct Answer**

1. Which section of the Income Tax Act deals with tax exemptions for charitable trusts?  
a. Section 80G                      b. Section 10(23C)                      c. Section 80C                      d. Section 54EC                      CO1K1
2. \_\_\_\_\_ is not an objective of tax planning.  
a. Minimizing tax liability                      b. Maximizing tax evasion  
c. Ensuring compliance with tax laws                      d. Optimizing investment planning                      CO1K2
3. MAT (Minimum Alternate Tax) is applicable under  
a. Section 115JB                      b. Section 80IA                      c. Section 10(38)                      d. Section 115C                      CO2K2
4. Tax-saving strategy for corporations is  
a. Dividend stripping                      b. Round-tripping transactions  
c. Non-disclosure of income                      d. Fake invoicing                      CO2K2
5. The HRA paid to an employee residing in Patna is exempt upto the lowest of  
a. 30% of Salary  
b. 40% of Salary  
c. 50% of Salary, actual HRA, excess of rent paid over 10% of Salary  
d. 60% of Salary                      CO3K2
6. Listed securities (except bonds and units) are treated as LTCA, if they are held for more than \_\_\_\_\_ months  
a. 12                      b. 6                      c. 24                      d. 48                      CO3K2
7. Income that is not exempt under Section 10 of the Income Tax Act is  
a. Agricultural income                      b. House Rent Allowance (HRA)  
c. Capital gains from shares held for more than a year                      d. Gifts from relatives                      CO4K2
8. Which is taxable at a flat rate of 30%?  
a. Winning from lotteries                      b. Rental income  
c. Capital gains on equity shares                      d. Interest on fixed deposits                      CO4K1
9. The methods of depreciation is allowed under Income Tax laws in India.  
a. Straight-line method                      b. Written-down value method  
c. Sum-of-the-years method                      d. Reducing balance method                      CO5K2
10. \_\_\_\_\_ is not an ethical tax planning strategy.  
a. Utilizing deductions available under tax laws  
b. Creating fictitious expenses to reduce taxable income  
c. Investing in tax-saving financial instruments  
d. Structuring business transactions to minimize tax liability                      CO5K2

**Part B****5 x 6 = 30****Answer ALL questions****Each answer should not exceed 400 words or two pages**

11. a. Distinguish between Tax Planning and Tax Avoidance briefly. CO1K2  
(or)
11. b. Write a short note on the Scope of Total Income based on the residence of assesses. CO1K3
12. a. Explain the Income from Self Occupied Houses and Let out properties in short. CO2K3  
(or)
12. b. Illustrate about Profits and Gains from Business or Profession briefly. CO2K2
13. a. Discuss in short about the types of capital gains. CO3K2  
(or)
13. b. Interpret about Tax Deductions at Source briefly. CO3K2
14. a. Explain briefly about the Clubbing of Income. CO4K3  
(or)
14. b. List the different factors to be considered for Computation of taxes in short. CO4K3
15. a. Prepare a short tax planning method concerning owning or leasing an asset. CO5K3  
(or)
15. b. Discuss about International Taxation briefly. CO5K2

**Part C****5 x 12 = 60****Answer ALL questions****Each answer should not exceed 800 words or four pages**

16. a. Compare and Contrast between Tax Planning and Tax Management in detail. CO1K4  
(or)
16. b. Analyze the exemption of Income under Section 13 A in detail. CO1K4
17. a. Mr. Rajesh earns the following salary components annually: CO2K5

Basic Salary	Rs.12,00,000
House Rent Allowance (HRA)	Rs.3,60,000
Dearness Allowance (DA) (fully taxable)	Rs.2,40,000
Leave Travel Allowance (LTA)(Exempt up to Rs.40,000)	Rs.50,000
Special Allowance (Fully Taxable)	Rs.1,20,000
Employer's Contribution to EPF	Rs.1,44,000
Standard Deduction	Rs.50,000
Professional Tax	Rs.2,400

Additional Information:

- Rajesh pays Rs.2,00,000 towards PPF and Rs.50,000 towards NPS (eligible for deduction under Section 80CCD(1B)).
  - He stays in Delhi and pays Rs.3,00,000 as rent annually.
- Estimate his taxable salary income and tax liability (assuming he is under the old tax regime for AY 2024-25).

(or)

17. b. Mr. Arvind owns two houses in Mumbai with the following details: CO2K4

Property 1 (Let-Out)		Property 2 (Self-Occupied)	
Municipal Value	Rs.5,40,000	Municipal Value	Rs.4,00,000
Fair Rent	Rs.6,00,000	Municipal Taxes Paid	Rs.30,000
Standard Rent	Rs.5,80,000	Home Loan Interest	Rs.2,50,000
Actual Rent Received	Rs.6,00,000		
Municipal Taxes Paid	Rs.40,000		
Vacancy Period	2 months		

Calculate the Income from House Properties.

18. a. Mr. Ramesh sold a residential house property on July 15, 2023 for Rs.1,50,00,000. CO3K5  
 He had purchased it on April 10, 2005, for Rs.15,00,000. He also sold shares  
 (listed, STT paid) on August 10, 2023, for Rs.10,00,000, which he had purchased in  
 January 2019 for Rs.5,00,000.

Additional Information:

- He invested Rs.50,00,000 in another residential house on October 5, 2023,  
 eligible for Section 54 exemption.
- He also invested Rs.10,00,000 in REC Bonds (Section 54EC) on November 20, 2023.  
 Estimate taxable capital gain assuming CII for FY 2005-06 = 117 and FY 2023-24 = 348.

(or)

18. b. Mr. Rajan, a businessman, has three different options for tax planning: CO3K6

Option	Investment in Section 54 (House)	Investment in 54EC Bonds	Net Taxable LTCG
A	Rs.20,00,000	Rs.10,00,000	Rs.10,00,000
B	Rs.15,00,000	Rs.5,00,000	Rs.20,00,000
C	Rs.10,00,000	Rs.5,00,000	Rs.25,00,000

Devise the best tax strategy by comparing the tax impact of the three given options.

19. a. Formulate an assessment process for a partnership firm for income taxation in detail. CO4K6  
 (or)  
 19. b. Appraise the process of computation of tax and tax management in assessment. CO4K5
20. a. Illustrate the tax planning concerning the renewal of assets in detail. CO5K4  
 (or)  
 20. b. Explain in detail about Transfer Pricing. CO5K4

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