REV-01
MCM/23/28

2024/11

SET A

MASTER OF COMMERCE
THIRD SEMESTER
TAX PLANNING AND MANAGEMENT
MCM - 303
[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 1.30 hrs. **Full Marks: 35**

Objective

Time: 15 mins. **Marks: 10**

Choose the correct answer from the following: ***1×10=10***

1. ....tax planning refers to year to year planning to achieve some specific or limited objective.
   a. Short range
   b. Long range
   c. Permissive
   d. Purposive

2. Section .... of the Income Tax Act deals with tax deduction for certain Industrial Undertakings involved in infrastructure development.
   a. 60-IA
   b. 70-IA
   c. 80-IA
   d. 90-IA

3. ....takes into account the loop-holes of law.
   a. Tax planning
   b. Tax evasion
   c. Tax management
   d. Tax avoidance

4. Gratuity received by a government employee is ....
   a. Fully exempted
   b. Partly exempted
   c. Fully taxable
   d. Exempted up to Rs. 1,00,000

5. Listed equity shares will be treated as long-term capital assets if they are held by the taxpayer for a period of more than............months immediately preceding the date of its transfer.
   a. 12
   b. 24
   c. 36
   d. 48

6. Every person responsible for deducting tax at source is required to apply for..........
   a. PAN
   b. Passport
   c. Aadhar
   d. TAN

7. Which of the following will not be considered 'Dividend' u/s 22(2) of Income Tax Act, 1961?
   a. Distribution entailing release of company's assets
   b. Issuing Right Shares to shareholders
   c. Distribution of assets on liquidation of company
   d. Distribution on reduction of share capital

8. When expenses incurred on replacement of an asset are capitalized it will...........
   a. Have no impact on tax liability
   b. Decrease tax liability
   c. Increase tax liability
   d. None of the above

9. If an asset is obtained on lease, deduction can be claimed in respect of ....
   a. Depreciation
   b. Lease rentals
   c. Both (a) and (b)
   d. None of the above

10. If a concern has surplus capacity and even decide to buy a product, it may require to sell a part of its plant and machinery. In such a case, it may be liable to...........
   a. Indirect tax
   b. Deduct depreciation
   c. Capital gain tax
   d. None of the above

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Descriptive

Time : 1 Hr. 15 Mins. Marks : 25

[Answer question no.1 & any two (2) from the rest]

1. Mr. Rick is the owner of a house. Particulars regarding the house are as under: 5
   Municipal value of the house is Rs. 66,000.
   Fair rent Rs. 96,000.
   Standard rent under the Rent Control Act Rs. 84,000.
   The house property has been let out for Rs. 7,500 p.m.
   Municipal taxes paid by the tenant during the year were Rs. 5,000.
   The house was vacant for three months during the Previous Year 2021-22.
   Compute the Net Annual Value for Assessment Year 2022-23.

2. "Tax Planning is a legal and moral way of Tax Savings." Explain this statement and describe the objectives of Tax Planning. 4+6=10

3. Mr. Alfrin Marak was an employee of a Private Limited Company. He is not covered by the Payment of Gratuity Act, 1972. He retired from service on 31st December, 2020 after rendering 35 years and 10 months service to the company. He received Rs. 2,50,000 as gratuity from his employer. His salary was Rs. 8,000 per month up to 30th June, 2020 and Rs. 9,000 per month from 1st July, 2020. In addition, he gets Rs. 1,000 per month as dearness allowances and Rs. 1,000 per month medical allowance. 10
   Ascertain the amount of gratuity
   (i) Exempted from tax
   (ii) Taxable

4. Discuss the factors to consider when making a make-or-buy decision. Discuss the tax-related considerations for make-or-buy decisions. 6 + 4=10

5. Discuss the tax provisions related to dividend policy under the Income Tax Act, 1961. 10

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