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MBAS 506

III Semester M.B.A. Degree Examination, April 2021

BUSINESS ADMINISTRATION

Tax Planning

Time : 3 Hours

Max. Marks : 70

SECTION – A

Answer **any two** of the following questions. **Each** question carries **10** marks.

Answer to this question should **not** exceed **5** pages.

(2×10=20)

1. Bring out and explain the objectives and significance of tax planning.
2. Describe the impact of GST on Indian economy.
3. Explain the steps involved e-filing income tax return.

SECTION – B

Answer **any three** of the following questions. **Each** question carries **12** marks.

Answer to **each** question should **not** exceed **6** pages.

(12×3=36)

4. Describe the different areas of corporate tax planning techniques.
5. Discuss the taxation of the demerged resulting company.
6. Explain the permissible exemptions, deductions, rebates, relief available to individuals.
7. A Ltd. wants to raise capital of Rs. 20,00,000 for a project where earnings before tax shall be 40 percent of the capital employed. This can raise debt fund at 18 percent PA. Suggest, which of the following 3 alternatives should it opt for :
 - a) Rs. 20,00,000 to be raise by equity capital.
 - b) Rs. 16,00,000 by equity capital and Rs. 4,00,000 by loan.
 - c) Rs. 4,00,000 by equity capital and 16,00,000 by loans.

Assuming the company shall distribute the entire amount of profit as dividend and tax rate is 33.99 percent and dividend tax is 17.304 percent.

P.T.O.



8. A Ltd. wants to acquire an equipment costing Rs. 30 lakhs. There are two alternatives available :

- a) To buy the equipment by taking a loan of Rs. 30 lakhs repayable in 6 equal year end instalments together with interest at 16 percent per annum.
- b) To take it on lease basis for a period of 5 years at annual lease rent of Rs. 8,00,000 payable at each year end.

Other information :

- i) Star Ltd. is in 33 percent tax bracket.
- ii) Rate of depreciation applicable to equipment is 25 percent.
- iii) The company has a policy of evaluating the capital budgeting proposals at 16 percent discount rate.

As a tax consultant, you are asked to suggest which of the above two options should be adopted ?

9. Mr. X received offers from employers of Delhi for services as under :

	Offer A Rs.	Offer B Rs.
Salary	4,80,000	6,00,000
D.A.	3,60,000	3,00,000
Bonus	60,000	60,000
Rent-free house	2,40,000	—
House rent allowance	—	1,80,000

Other informations are :

- a) He will pay house rent Rs. 20,000 PM.
- b) His qualifying savings u/s 80C will be Rs. 80,000.

Which offer should he accept and why ?



SECTION – C

(Compulsory)

Answer to this question should not exceed 6 pages :

(1×14=14)

10. Mr. X draw's total annual Rs. 13,80,000 plus Rs. 1,20,000 HRA. During the financial year his savings consists of life insurance Rs .50,000, term insurance Rs. 25,000, PPF Rs. 2,500 PM, Sukanya Samridhi Scheme Rs. 36,000 PA, Group Insurance Rs. 250 PM, National Pension Scheme Rs .50,000 PA and ELSS Rs. 18,000 PA.

Other information :

House Rent Rs. 15,000 per month.

Tuition fees for two children's Rs. 20,000 and Rs. 15,000

Medical insurance for self and dependent Rs. 24,000

Housing loan instalment including 60% interest Rs. 30,000 PM (Borrowed in the year 2016)

Contribution to Chef Ministers Relief Fund Rs. 18,000

TDS deducted Rs. 7,000 PM

Compute his tax liability for the assessment year 2021-22. Suggest him best tax regime new or old.