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**MBAS 506**

**Third Semester M.B.A. Degree Examination, April/May 2022**  
**BUSINESS ADMINISTRATION**  
**Tax Planning**

Time : 3 Hours

Max. Marks : 70

**SECTION – A**

Answer **any two** of the following. **Each** question carries **10** marks. Answer to **each** questions should **not** exceed **5** pages. **(2×10=20)**

1. Discuss the impact of GST on business and customers.
2. What are the consequences a deductor would face if he fails to deduct TDS or after deducting the same fails to deposit it to the governments account ? Explain.
3. What are the deductions and exemptions available to individuals in Indian Tax Law ? Explain.

**SECTION – B**

Answer **any three** of the following questions. **Each** question carries **12** marks. Answer to **each** questions should **not** exceed **6** pages. **(3×12=36)**

4. Describe the significance of tax planning for the tax payer.
5. Bring out and explain the tax planning with reference to setting up of a new business.
6. Bring out the need for tax audit and explain the qualifications of tax auditor.

P.T.O.



7. Mr. Anil received job offers from two companies Bangalore with the following packages.

Details	Alternative – I Rs.	Alternative – II Rs.
Salary	3,60,000	3,60,000
D.A.	1,80,000	1,80,000
Bonus	50,000	50,000
Hostel expenditure allowance for one child	–	3,000
Cost of education of a child in employer's school	3,000	–
HRA (rent payable Rs. 12,000 PM)	72,000	72,000
Uniform allowance (Estimated expenditure on uniform Rs. 3,000)	3,000	3,000
Medical allowance	15,000	–
Reimbursement of medical bills of a private clinic	–	15,000
Refrigerator, TV and Fans	30,000	–
Computers	–	30,000
Employers contribution to provident fund	1,00,000	1,20,000
Anil's contribution to provident fund	1,00,000	1,00,000

Which of the alternatives should Mr. Anil should opt for keeping in view his tax liability ?

8. ABC Ltd. wants to acquire a machine, which cost Rs. 20 lakhs. There are two alternatives available to the firm.
- To buy the equipment by taking a loan of Rs. 20 lakhs repayable in 5 equal year end instalments together with interest 14 percent per annum.
  - To take it on lease basis for a period of 5 years at an annual lease rent of Rs. 6,00,000 payable at each year end.

Other information :

Tax Rate : 30 percent

Rate of depreciation : 20 percent

Discount rate : 15 percent.

Evaluate the above two options and offer your comment.



SECTION – C  
(Compulsory)

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

(1×14=14)

9. Mr. ABC, a 45 percent physically challenged person is employed in IOB head office. His pay package consist of Rs. 75,000 basic plus 30% DA PM and Rs. 20,000 HRA PM. During the financial year 2021-22 he invested in the following investment avenues :

Life insurance Rs. 5,000 PM;      Term insurance Rs. 2,000 PM  
PPF Rs. 3,000 PM;                      Sukanya Samridhi Scheme Rs. 60,000 PA.  
Group insurance Rs. 250 PM;      Approved pension scheme Rs. 5,000 PM  
ELSS Rs. 1,500 PM;

Additional Information :

House Rent Rs. 25,000 per month.

Tuition fees Rs. 40,000

Medical insurance for dependent Rs. 20,000

Housing loan Instalment including 40% interest Rs. 24,000 PM

Contribution to Prime Ministers Relief Fund Rs. 10,000.

TDS deducted Rs. 8,000 PM

Compute his tax liability for the assessment year 2022-23. Suggest him best tax regime new or old.