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MBAS 506

Third Semester M.B.A. Degree Examination, March 2023
BUSINESS ADMINISTRATION
Tax Planning

Time : 3 Hours

Max. Marks : 70

SECTION – A

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

1. Discuss the benefits of GST in India.
2. Explain the scope of tax planning in India.
3. How to file income tax return ? Explain.

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SECTION – B

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

4. Discuss the procedures involved in TDS and consequences of non deduction of TDS.
5. Describe the tax concessions to amalgamating companies.
6. A firm wants to acquire a new machine which costs Rs. 24,00,000. The company has enough cash reserves to purchase the machine. However, it seeks your advice, to buy the machine or get it on lease. On the basis of the following particulars advice suitable alternative to the company.
Corporate tax rate: 30 percent
Rate of depreciation 20 percent
Expected life of the machine 8 years
Lease rent Rs. 4,20,000 P A
Discount rate is 14 percent.

P.T.O.



7. Monthly salary of an employee consists of Rs. 60,000 PM (Basic + DA) and Rs. 10,000 HRA PM. His savings and expenses for the financial year are as under :

Life Insurance : Rs. 2,500 PM

Term Insurance Rs. 20,000 PA

PPF Rs. 2,500 PM

Medical insurance for self and dependent Rs. 22,000 PA

Sukanya samridhi scheme Rs. 2,000 PM

Contribution to national pension scheme Rs. 75,000 PA

ELSS Rs. 1,500 PM

Group Insurance Rs. 250 PM

Housing loan Installment Rs 20,000 PM (Including 35% Interest) which is borrowed in the year 2015.

Tuition fees Rs. 25,000 PA

Contribution to PMs Relief Fund Rs. 10,000.

Medical treatment for Cancer Rs. 75,000 PA

TDS Rs. 5,000 PM

Compute his tax liability for the assessment year 2021-22 under old tax regime.

8. ABC Ltd. needs capital for its expansion project. It has two option to mobilise the required capital.

To have equity capital of Rs. 30,00,000 and loaned capital of Rs. 20,00,000 @ 14 percent PA.

To have equity capital of Rs. 20,00,000 and loaned capital of Rs. 30,00,000 @ 15 percent PA.

The expected rate of return is 20 percent and rate of tax is 30 percent + surcharge @ 5 percent of tax. Health and education cess is @ 4 percent of tax and surcharge. Suggest better option assuming that company has decided to retain its entire profits.