

**MASTER OF COMMERCE  
FOURTH SEMESTER  
TAX PLANNING & MANAGEMENT  
MCM-404 A**

(Use separate answer scripts for Objective & Descriptive)

**( PART-B : Descriptive )**

Time : 2 hrs. 40 min.

Marks : 50

[ Answer question no.1 & any four (4) from the rest ]

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|---|--------|
| 1. Discuss the factors that are helpful for effective tax planning.   | 10     |
| 2. (a) Differentiate between 'Tax Planning' and 'Tax Management'.<br>(b) Differentiate between 'Tax Avoidance' and 'Tax Evasion'.   | 5<br>5 |
| 3. Discuss the tax treatment of Recognized Provident Fund and Unrecognized Provident Fund.  | 4+6=10 |
| 4. (a) How is the gross annual value of a let out house property calculated?<br>(b) Mention any five types of incomes from house property which are exempted from tax.  | 5<br>5 |
| 5. Discuss the tax provisions with respect to dividend policy and issue of bonus shares under the Income Tax Act, 1961.   | 5+5=10 |
| 6. What is meant by advance payment of tax? Discuss the provisions of Income Tax Act regarding its payment.   | 2+8=10 |
| 7. What do you mean by set-off of losses? Discuss the provisions of Income Tax Act regarding set-off of losses.   | 2+8=10 |
| 8. Write short notes on <i>any two</i> of the following:<br>(a) Tax provisions relating to special economic zones.<br>(b) Tax planning relating to Sale of Assets used for Scientific Research.<br>(c) Tax deduction at source.<br>(d) Tax planning in respect of own or lease. | 5+5=10 |

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Duration : 3 hrs.

Full Marks : 70

**( PART-A : Objective )**

Time : 20 min.

Marks : 20

**Choose the correct answer from the following:**

1x20=20

1. Concealment of income, inflation of expenses to suppress income and falsification of accounts are examples of.....
 

a. Tax Planning	b. Tax Avoidance
c. Tax Evasion	d. None of the above
2. Tax management deals with:
 

a. Filing a return in time	b. Getting the accounts audited
c. Deducting tax at source	d. All of the above
3. Consider the following statements:
  1. Legal provisions are not followed in tax planning.
  2. The advantage due to loopholes of tax-laws is taking in tax avoidance.
  3. Tax evasion is punishable crime.
 Which of the statements given above is/are correct?
 

a. 1 and 2	b. Only 3
c. 2 and 3	d. All of the above
4. Which of the following tax incentives are available on the ground of location of business?
  1. Newly established industrial undertaking in free trade zone-section 10A.
  2. Newly established units in special economic zone-section 10AA.
  3. Agricultural income-10(1).

a. 1 and 2	b. 1 and 3
c. 2 and 3	d. All of the above
5. The maximum limit of deduction under section 80C is Rs..... from Financial Year 2014-15/Assessment Year 2015-16.
 

a. Rs. 1,00,000	b. Rs. 1,50,000
c. Rs. 2,00,000	d. None of the above
6. In case of non-government employee, commuted pension is .....chargeable to tax.
 

a. Partly	b. Some extent
c. Fully	d. None of the above
7. Rate of statutory deduction in case of income from house property is.....
 

a. 20%	b. 30%	c. 35%	d. 40%
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8. 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
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9. If an asset is used for scientific research related to the business of assessee, is used in business for sometime and then sold, the selling price is deducted from the written down value of the block of asset. This will reduce:
- Profit of that year
  - Loss for that year
  - Tax liability for that year
  - None of the year
10. When expenses incurred on replacement of an asset are capitalized it will:
- Decrease tax liability
  - Increase tax liability
  - Decrease block of asset
  - Have no impact on tax liability
11. To reduce tax liability, in case of income is high in relevant years, the pace of repair and renewal can be:
- Faster
  - Slower
  - Neural
  - None of the above
12. The cost of own asset is..... in computing the income.
- Deductible
  - Not deductible
  - Capitalized
  - None of the above
13. In case of replacement of a part only, the expenditure for such replacement is..... in computing the income.
- Deductible
  - Not deductible
  - Added back
  - None of the above
14. Interest received by an employee on his own contribution to unrecognized provident fund is taxable under the head.....
- Income from salary
  - Income from capital gain
  - Income from house property
  - Income from other sources
15. As per section....., every person whose estimated tax liability for the year is Rs. 10,000 or more, shall pay his tax in advance, in the form of "advance tax".
- 205
  - 208
  - 215
  - 218
16. While making intra-head adjustment, loss from the business of owning and maintaining race horses can be set off against .....only.
- Income from winnings from lotteries.
  - Income from crossword puzzles.
  - Income from business of owning and maintaining race horses.
  - Income from card game.
17. However, if loss under the head "Income from house property" cannot be fully adjusted in the year in which such loss is incurred, then unadjusted loss can be carried forward for .....years immediately succeeding the year in which the loss is incurred.
- 5
  - 8
  - 10
  - 12
18. Assessee who are engaged in the business of providing infrastructural facilities are eligible for deduction under section.....
- 80-IA
  - 81-IB
  - 82-IC
  - None of the above

19. Under Income Tax Act, 1961, the Government has provided tax incentive to newly established Special Economic Zones/operating units in an special economic zone through section:
- 10AA
  - 10B
  - 10C
  - None of the above
20. Form issued for tax deducted at source on salary is:
- Form 10
  - Form 16
  - Form 16 A
  - Form 16D