

AG-0820

M. Com. Integrated (Sem. - X) Examination April / May - 2015

MC-10.2 : Corporate Tax Planning & Management - II

Time: 3 Hours] [Total Marks: 70

Instructions: (1)

નીચે દર્શાવેલ → નિશાનીવાળી વિગતો ઉત્તરવહી પર અવશ્ય લખવી. Fillup strictly the details of → signs on your answer book. Name of the Examination :	Seat No. :
M. COM. INTEGRATED (SEM 10)	
Name of the Subject :	 (
◆ MC-10.2 : CORPORATE TAX PLANNING & MANAGEMENT - II	
Subject Code No.: 0 8 2 0 Section No. (1, 2,) : Nil	Student's Signature

- (2) All questions are compulsory.
- (3) Figures to the right indicate full marks of a question.
- (4) Precise and to the point answers are expected.
- Q.1 Answer the following in short:
 - (A) Which tax consideration one has to keep in mind while taking "make or buy" decision?
 - (B) Explain the provisions for interest payable under section 234A. (3)

(3)

(7)

- (C) How much tax should a payer deduct before making payment in following cases? (4)
 - 1) A shopkeeper is paying rent of shop ₹ 96,000 per annum to the owner of the shop.
 - 2) Kaun Banega Crorepati game show is paying ₹1,60,000 to a prize winner Mrs. Priya Patel.
- Q.2 A plant is to be purchased for ₹ 20,00,000. The depreciation rate is 15 per cent and the corporate tax rate 32.445 per cent. The weighted average cost of capital is 10 per cent. The life of the machine is 10 years.

A loan of 70% amount can be had by accepting public deposits at the interest rate of 9 per cent for financing the investment in plant. It is assumed that the public deposits are repaid after 10 years.

On the other hand, the asset can be obtained on lease. The lease rentals are at the rate of ₹ 6,00,000 per annum for the primary lease period of 5 years. Beyond this peppercorn rentals of ₹ 10,000 per annum are to be paid. A lease management fee of Rs. 50,000 is payable on inception of the lease.

Which alternative from above is the most economical from the view point of tax planning?

Q.3 (A) Company A is proposed to be merged with company B. The following are the particulars of the former company:

Unabsorbed depreciation ₹ 7,05,40,200 Unabsorbed business losses ₹ 5,65,10,000

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Consider which of the benefits can be availed of by company B and advise the latter on the following conditions to claim such benefit?

- (i) if the merger is not "amalgamation" within the meaning of section 2(1B)
- (ii) if the merger is an "amalgamation" within the meaning of section 2(1B) but it does not fulfil conditions of section 72A
- (iii)if the merger satisfies conditions of section 2(1B) as well as section 72A
- (B) From the following particulars submitted by Vidya ltd., compute advance tax payable, their installments and due dates to pay them.

Particulars	Amount (₹)
Income from house property (loss)	(14,000)
Profits & gains from business or profession	5,50,000
Short Term Capital Gain	67,000
Income from other sources	38,000
Deductions u/s 80G	3,000
Tax Deducted at Source	51,192

Q.4 Write a short note on following:

(14)

- (A) Tax Deducted at Source from Contracts (Section 194C)
- (B) Consequences if capital assets are transferred as stock in trade in a course of merger (Section 43C)

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