



DH-0809

M. Com. (Integrated) (Sem. IX) Examination

March / April - 2016

MC-9.2 : Corporate Tax Planning & Management - 1

Time : 2 Hours]

[Total Marks : 50

Instructions : (1)

नीचे दशांशिक निशान्चीवाणी विगतो उतरवडी पर अवश्य कर्णवी. Fillup strictly the details of signs on your answer book.	Seat No. :
Name of the Examination :	<input type="text"/>
<input type="text" value="M. Com. (Integrated) (Sem. - IX)"/>	<input type="text"/>
Name of the Subject :	<input type="text"/>
<input type="text" value="MC-9.2 : Corporate Tax Planning & Management - 1"/>	<input type="text"/>
Subject Code No. : <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="9"/>	<input type="text" value="Student's Signature"/>
Section No. (1, 2,.....): <input type="text" value="Nil"/>	

- (2) Q. 1 is compulsory.
- (3) Figures to the right indicate full marks of a question.
- (4) Precise and to the point answers are expected.

1 Answer in short : 10

- (1) What is tax evasion ?
- (2) What is tax treatment in the hands of company and a shareholder when a preference share holder sells such bonus share during PY 2014-15 ?
- (3) Akbar Ltd. is a domestic company that distribute the dividend Rs. 15,00,000 on 20.4.13. It received the dividend from their subsidiaries as under. Examine whether inter-corporate dividend relief will be available to Y Ltd ? What will be its dividend tax for AY 2015-16 ?

Subsidiary Companies	A Ltd.	B Ltd.
Dividend paid by subsidiary Co.	3 Lacs	7 Lacs
Date of receipt of dividend	30.6.14	31.3.15

- 2 (a) Explain the provisions of Dividend tax under section 115 O of Income Tax Act. 4
- (b) Kelison Ltd. is a widely held company. It is currently considering a major expansion plan of its production facilities and the following alternatives are available : 9

	Alternative One	Alternative Two	Alternative Three
Share Capital	50,00,000	1,50,00,000	3,00,00,000
Debentures (12 per cent)	1,00,00,000	75,00,000	NIL
Bank Loan (15 per cent)	1,50,00,000	75,00,000	NIL

Expected rate of return (before tax) is 20%.

Calculate rate of return on equity share capital. Select the alternative accordingly.

Take corporate tax rate @ 30.9% and ignore dividend tax.

- 3** 8 partners are having a partnership firm of ABC & Bros. They are considering a possibility of converting this firm into sole proprietorships. Guide them from the view point of tax liability of partnership firm Vs. sole proprietorship businesses in accordance with AY 2015-16. Should they convert the partnership in sole proprietorships ? **13**

Partnership Firm	Proprietorships
1. No. of partners 8	1. 8 sole proprietors
2. Profit of a firm for PY 2014-15 Rs. 60,00,000	2. Profit of each proprietorship Rs. 7,50,000
3. Capital invested total Rs. 80,00,000 (equal proportion)	3. Capital invested in each Proprietorship Rs. 10,00,000
4. Interest on capital 12%	4. Other income of each proprietor Rs. 1,60,000
5. Maximum remuneration as per income tax provisions	5. Each proprietor avail maximum benefit under section 80C of Income Tax Act
6. Other income of each partner Rs.	
7. Each partner avail maximum benefit under section 80C of Income Tax Act	

- 4 Write short notes : (any two) 14
- (1) Deduction to companies engaged in business of processing, preservation and packing of fruits and vegetables. (Section 80 IB).
 - (2) Taxability of Dividend in the hands of a company and a share holder.
 - (3) Corporate Tax Planning.
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