



SB-4087

**M.B.A. (FT) (Sem.-IV) & (E) (Sem.-IV) Examination**  
**March/April - 2011**  
**OF & A - 402 :**  
**Corporate Taxation & Financial Planning**

Time : 3 Hours]

[Total Marks : 100

**Instructions :**

(1)

नीचे दृशविवेक निशानीवाणी विगतो उत्तरवही पर अवश्य लखवी. Fillup strictly the details of signs on your answer book.	Seat No. :
Name of the Examination :	<input type="text"/>
<input type="checkbox"/> M.B.A. (FT) (Sem.-4) & (E) (Sem.-4)	<input type="text"/>
Name of the Subject :	<input type="text"/>
<input type="checkbox"/> OF & A - 402 : Corporate Taxation & Financial Planning	<input type="text"/>
Subject Code No. : <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="7"/>	<input type="text"/>
Section No. (1, 2,.....) : <input type="text" value="1&amp;2"/>	<input type="text"/>
	Student's Signature

- (2) Answers to the two sections must be written in separate answer books.
- (3) Figures to the right indicate full marks.
- (4) All questions are compulsory.
- (5) Question (1) and (4) carries 18 marks while the remaining question carry 16 marks.

**SECTION - I**

- 1 Explain and distinguish between each term tax planning, tax evasion and tax avoidance. Discuss the scope of corporate tax planning.
- 2 X joined a company on June 1, 2009 and was paid the following emoluments and allowed perquisites as under :  
**Emoluments :**  
Basic Pay Rs. 25,000 per month  
Dearness Allowance Rs. 10,000 per month  
Bonus Rs. 50,000 per month  
Employer's Contribution to RPF is 14%.

Perquisites :

- (i) Furnished Accommodation by the employer and provided free of cost. Monthly rent of another flat in such locality is Rs. 3000/- pm (Population of the city is above 4 lakhs).
- (ii) Value of furniture therein Rs. 3,00,000.
- (iii) Motor car owned by the company (with engine cubic capacity less than 1.6 litres) alongwith chauffeur for official and personal use.
- (iv) Sweeper salary paid by the company Rs. 1,500 per month.
- (v) Watchman salary paid by the company Rs. 1,500 per month.
- (vi) Educational facility for 2 children provided free of cost. The school is owned and maintained by the company.
- (vii) Interest free loan of Rs. 5,00,000 given on October 1, 2009 for purchase of a house. No repayment was made during the year (SBI lending rate is 9%).
- (viii) Interest free loan of Rs. 50,000 for purchase of computer to be used for educational purposes given on January 1, 2010. No repayments were made during the year (SBI lending rate is 10.5%)
- (ix) Corporate membership of a club. The company paid the initial fee of Rs. 1,00,000. X paid the bill for his use of club facilities.

You are required to compute the income of X under the head 'Salaries' in respect of assessment year 2010-11.

**OR**

**2** Discuss the following perquisites :

- (a) Valuation of perquisite in respect of interest free loan or loan at concessional rate of interest.
- (b) Valuation of perquisite in respect of use of movable assets.
- (c) Valuation of perquisite in respect of free domestic servants.
- (d) Valuation of perquisite in respect of movable assets sold by an employer to its employee.

**3** Answer any **two** of the following questions :

- (a) Set off and Carry Forward of Losses (Sec. 70 to 75)

- (b) Residential status and tax incidence.
- (c) Tax Planning of holding and subsidiary company.

## SECTION - II

4 X and Y gives the following information :

	X	Y
Residential house situated at Delhi		
Date of Transfer	July 10, 2009	September 19, 2009
Date of purchase	October 6, 1984	April 10, 1983
Sale consideration	20,00,000	17,50,000
Cost of acquisition	50,000	90,000
Expenses on transfer	10,000	6,000
To get the exemption under section 54, the following residential house properties are purchased at Noida by X and Y at Noida.		
Date of Purchase	December 20, 2009	March 1, 2009
Cost of Acquisition	2,00,000	16,00,000
X and Y transfer their house properties at Noida as follows:		
Sale Consideration	2,90,000	16,85,000
Date of transfer	April 10, 2011	May 10, 2011

Find out the capital gain chargeable to tax in the hands of X for different assessment years. (Cost Inflation Index for 1984-85 is 125).

5 Answer any **one** of the following :

- (a) Tax Planning while converting sole proprietorship into company.
- (b) Tax Planning and financial structure of a company.

- 6** Write short note on any **two** of the following :
- (a) Wealth Tax
  - (b) Tax Benefits under Lease and Hire Purchase
  - (c) Functions and Powers of Assessing Officer
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