



NETAJI SUBHAS OPEN UNIVERSITY

POST-GRADUATE COURSE

Assignment — June, 2020

COMMERCE

Paper - XVI : Corporate Tax Planning and Management

QUESTION PAPER CUM ANSWER BOOKLET

(Full Marks : 50)

(Weightage of Marks : 20%)

Special credit will be given for precise and correct answer. Marks will be deducted for spelling mistakes, untidiness and illegible handwriting. The figures in the margin indicate full marks.

Name (in Block Letter) :

Enrolment No.

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Study Centre Name : Code :

To be filled by the Candidate	Serial No. of question answered																			TOTAL
For Evaluator's only	Marks awarded																			

Q.P. Code : **PA/5/XVI**

PG-COM.-AP-17092

Signature of Evaluator with Date



NETAJI SUBHAS OPEN UNIVERSITY

POST-GRADUATE COURSE

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COMMERCE

Paper - XVI : Corporate Tax Planning and Management

STUDENT'S COPY

Name (in Block Letter) :

Enrolment No.

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Study Centre Name : Code :

Q.P. Code : **PA/5/XVI**

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Received Answer Booklet
Signature with seal by the Study-Centre

**জরুরি নির্দেশ / Important Instruction**

আগামী শিক্ষাবর্ষান্ত পরীক্ষায় (T.E. Exam.) নতুন ব্যবস্থা অর্থাৎ প্রশ্নসহ উত্তর পুস্তিকা (QPAB) প্রবর্তন করা হবে। এই নতুন ব্যবস্থার সঙ্গে পরীক্ষার্থীদের অভ্যস্ত করার জন্য বর্তমান অনুশীলন পত্রে নির্দেশ অনুযায়ী প্রতিটি প্রশ্নের উত্তর নির্দিষ্ট স্থানেই দিতে হবে।

New system i.e. Question Paper Cum Answer Booklet (QPAB) will be introduced in the coming Term End Examination. To get the candidates acquainted with the new system, assignment answer is to be given in the specified space according to the instructions.

**Detail schedule for submission of assignment for the
PG Term End Examination June-2020**

1. Date of Publication : 20/06/2020
2. Last date of Submission of answer script by the student to the study centre : 19/07/2020
3. Last date of Submission of marks by the examiner to the study centre : 16/08/2020
4. Date of evaluated answer scripts distribution by the study centre to the students (Students are advised to check their assignment marks on the evaluated answer scripts and marks lists in the study centre notice board. If there is any mismatch / any other problems of marks obtained and marks in the list, the students should report to their study centre Co-ordinator on spot for correction. The study centre is advised to send the corrected marks, if any, to the COE office within five days. No change / correction of assignment marks will be accepted after the said five days.) : 23/08/2020
5. Last date of submission of marks by the study centre to the Department of C.O.E. on or before : 31/08/2020

এখানে কিছু লিখবেন না

Do Not Write Anything Here

**MODULE - I**

Answer any *two* questions.

$$12 \frac{1}{2} \times 2 = 25$$

1. a) Any strategy formulation in a company including effective planning at every managerial function is greatly influenced by most effective and efficient tax planning. Discuss how an efficient and result oriented tax planning influences corporate planning and decision making process towards achievement of desired objectives.
b) The concept of 'tax planning' is significantly different from that of 'tax evasion'. Explain the above with reference to certain case studies and examples.
2. a) To encourage Scientific Research and Development (R&D) a number of benefits and advantages are given in the Income Tax Act.
Explain all these advantages and benefits that are available as per the Income Tax Act in respect of expenditure incurred (both Revenue and Capital in nature) by any company.
b) Discuss whether dividend declared and distributed by any Indian company is chargeable to Income tax in the hand of the company declaring and paying the dividend. What are the procedures for deposit of such taxes to Government ? $6 \frac{1}{2} + 6$
3. a) While deciding upon setting of new business, the management needs to consider all the benefits available under the Income Tax Act and also various tax incentives declared by the Government. Discuss the significant tax incentives and provisions of the Income Tax Act relating to setting up of new business in respect of the following :
 - i) Manufacturing Industries undertaking
 - ii) Service Industry
 - iii) Export Oriented undertaking. 8
b) What do you mean by Dividend and how is it different from Deemed Dividend ? What are the provisions of Income Tax Act relating to taxability of Deemed Dividend. $4 \frac{1}{2}$
4. a) What do you mean by 'Foreign Collaboration Agreement' ? Explain the income tax liability and responsibility of any Foreign Collaborator in India.
b) What do you understand by "Demerged Company" and "Resultant Company". Under what circumstances and conditions, the unabsorbed losses of the demerged company is allowed to be carried forward to the resultant company as per Income Tax Act ? $4 + 4 + 4 \frac{1}{2}$



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First Answer :



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Second Answer :



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**MODULE - II**

Answer any *two* questions.

$$12 \frac{1}{2} \times 2 = 25$$

5. a) Tax planning plays a very significant decision in any 'own' or 'lease' decision by any management.
- b) Ravi & Co. Ltd. requires a component for its assembly / production facility. The following two alternatives are available :
- i) If the company decides to produce the component, then a new machinery is required, value of which would be Rs. 20 lakhs and useful life of 5 years. The cost of manufacturing the component in each of the 5 years expected to be Rs. 20 lakhs, Rs. 25 lakhs, Rs. 28 lakhs, Rs. 30 lakhs and Rs. 21 lakhs, respectively. Rate of depreciation shall be based on useful life of the asset. The machine shall be sold after 5 years at a price of Rs. 1 lakh.
- ii) If the company decides to buy the component from the market, the expected cost would be Rs. 24 lakhs, Rs. 27 lakhs, Rs. 30 lakhs, Rs. 32 lakhs and Rs. 25 lakhs, respectively.

You may consider discount rate of 12% and rate of tax @ 30%.

Advise the management, which of the above alternatives be most suitable to the company ?

$$4 + 8 \frac{1}{2}$$

6. a) What do you mean by 'Permanent Account Number' ? Explain at least five situations where such PAN should be quoted.
- b) Explain the situation and circumstances where Best Judgement Assessment is made by the Assessing officer.
- c) What are the situations under which an order can be rectified u/s 154 of the Act ? State the provision and procedure for rectification of mistake.

$$4 + 4 + 4 \frac{1}{2}$$

7. Write short notes on the following :

- a) Rectification of mistake apparent from record
- b) Orders that are appealable before Commissioner of Income Tax (A).
- c) Time limit for Completion of Assessment.
- d) Summary Assessment u/s 143 (1).

$$3 + 3 + 3 \frac{1}{2} + 3$$

8. a) Discuss the procedure and time limit for filing of appeal petition before Commissioner of Income Tax (Appeals). Also explain the procedure to be followed in Appeal Hearing.
- b) What are the powers of the Commissioner of Income Tax (Appeals) in any Appeal Case ?
- c) What do you mean by Income Tax Appellate Tribunal (ITAT) ?

$$6 \frac{1}{2} + 4 + 2$$



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First Answer :



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QP Code : PA/5/XVI

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Second Answer :



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QP Code : PA/5/XVI

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