

Roll No.

Total Pages : 05

OBCQ/M-20

12385

CORPORATE TAXATION-II

BC(VOC)-605

Time : Three Hours]

[Maximum Marks : 80

Note Attempt five questions in all. Q. Nos compulsory and answers to each part of Q. No. 1 should not be more than one page.

1. (a) Explain the provisions of tax planning in respect of infrastructure facility. **4**
- (b) What is Managerial Decision ? **4**
- (c) Write a note on Dividend Policy. **4**
- (d) What tax reliefs are available for backward areas ?

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(e) Define demerger u/s 2(19AA) of Income Tax Act, 1961. **4**

2. Explain the deduction in respect of profit and gains of an undertaking or enterprise engaged in development of Special Economic Zone. **15**

3. Examine the provisions of tax planning to amalgamation of Companies. **15**

4. From the following information determine whether the assessee should purchase an asset or take on lease :

- (i) Cost of assets ` 1,00,000
- (ii) Rate of depreciation 15%
- (iii) Rate of interest 10%
- (iv) Repayment of loan by assessee ` 20,000 per annum.
- (v) Rate of tax 26%
- (vi) Residual value ` 20,000 after 5 years.
- (vii) Profit of the assessee ` 1,00,000 before depreciation, interest and tax/before lease rent and tax.
- (viii) Lease rent ` 30,000 per annum.

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5. Explain the tax planning provision in respect of hospital for hotel. **15**

6. Explain the tax planning in relation to the following :

(i) In relation to Capital Structure **8**

(ii) In relation to Dividends. **7**

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7. Comment on the following :

- (i) Interim Dividends **7**
- (ii) Issues of Bonus Shares. **8**

8. Discuss the considerable points regarding capital structure decision for minimum tax liability. **15**

9. Mr. Kapil and Sachin proposed to set up a business either as a partnership or as a private limited company, with capital contribution of ₹ 10,00,000 each. Profit of the business before charging their remuneration at ₹ 25,000 per month each and interest @ 12% per annum is estimated at ₹ 18,00,000. Profit after tax are proposed to be distributed equally as profit/dividend. Advise them with appropriate working about the form of organization they should choose from the point of view of tax implication involved in each case, assuming that they have no income other than from the proposed business. Assume company is liable to pay income tax @ 25% + surcharge + health and education cess. **15**

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