



Online PGDM

Second Year, Trimester IV, June 2024

Course Name: Tax Planning and Management

Max Marks: 70

Course Code: 4110

Max Time: 2 hrs

Instructions for Students: All questions are compulsory

Section A : Max. Marks-20 (10 * 2 marks)

Q.1 Mr. Arav, a citizen of India residing outside India, comes on a visit to India during the previous year 2023-24 for a period of 183 days for the first time. For assessment year 2020-21, Mr. Arav shall be:

- A. Resident and ordinarily resident in India
- B. Resident but not ordinarily resident in India.
- C. Non- resident
- D. Incomplete information

Q.2 R Ltd, pays a salary of Rs. 2,80,000 to his employee G and undertakes to pay the Income Tax amounting to Rs. 3,090 during the previous year 2023-24 on behalf of G. The gross Salary of G shall be:

- A. Rs. 2,80,000
- B. Rs. 2,83090
- C. Rs. 2,76,910
- D. Rs.2,86,180

3. An individual is called a resident and ordinarily if he satisfies:

- A. One of the basic conditions
- B. Both of the basic conditions
- C. At least one of the basic conditions and both of the additional conditions
- D. Both of the basic and additional conditions

4. Incomes which accrue or arise outside India but are received directly in to India are taxable in case of:

- A. Resident only

- B. Both ordinarily and not ordinarily resident
- C. Non-resident
- D. All the assesses

5. Finance Bill becomes the Finance Act when it is passed by:

- A. The Lok Sabha
- B. The Rajya Sabha
- C. Both Houses of Parliament and given the assent of the president
- D. Both Lok Sabha and Rajya Sabha

6. Calculate the amount of Tax to be deducted at source on a lottery income worth Rs.20,00,000?

- A. Rs.30,00,000
- B. Rs.4,50,000
- C. Rs.5,60,100
- D. Rs.6,00,000

7. The expression "agriculture income" under section 2(1A) means:

- A. Any rent or revenue derived from land which is situated in India and abroad and is used for agricultural purposes.
- B. Any rent or revenue derived from land which is situated in India and is used for agricultural purposes or for any other purpose.
- C. Any rent or revenue derived from land which is situated in India and is used for agricultural purposes.
- D. None of the above.

8. An employee is entitled to standard deduction from his gross salary amounting to:

- A. Rs. Nil
- B. Rs.40,000
- C. Rs.50,000
- D. Rs.30,000

9. The advance tax payable by the assessee if the advance tax payable during the financial year:

- A. exceeds Rs.5,000
- B. exceeds Rs.15,000

C. is Rs.10,000 or more

D. none of the above

10. R Ltd. has taken a showroom on rent@Rs.30,000 from A Ltd. R Ltd. should deduct tax at source amounting for:

A. Rs.30,000

B. Rs.36,000

C. Rs. 24,000

D. Rs.45,000

Section B: Max. Marks-10 (2* 5 marks)

Q.1 Mr. Xavier earns the following income during the previous year 2023-24

S.No.	Particulars	Amount (Rs.)
1	Interest from Indian company received in London	1,20,000
2	Pension from an Indian employer received in China	1,80,000
3	Profits from a business in Germany which is controlled in India, half of the profits being received in India	2,00,000
4	Past foreign income brought to India	40,000
5	Income from agriculture in Bhutan remitted to India	1,25,000
6	Gift of money received from his friend on 4 th July, 2023, who is resident in India.	1,20,000
7	Income from property in England received there	4,00,000

Required: Compute the income for the assessment year 2024-25 if Xavier is Resident and ordinarily resident in India. **(5 marks)**

Q.2 Under the Income Tax Act, 1961, the terms Tax Planning and Tax Management means the same. Do you agree with the given statement? Justify or otherwise with the help of an example(s).

(5 marks)

Section C: Max.Marks-40 (2* 20 marks)

Q.1 M/s. ASD Ltd, a manufacturing company, having an annual turnover of Rs.1,500 lakhs, shows a net profit of Rs. Rs.300 lakhs after debit/credit of following amounts to its Statement of Profit and Loss account for the year ended 31st March, 2024:

i. As per Companies Act, 2013 the depreciation to be charged is Rs.20 Lakhs.

- ii. An amount of Rs. 4 Lakhs was incurred on notified skill development project u/s 35 CCD
- iii. GST paid includes an amount of Rs.3,500 charged as penalty for delay filing of returns and Rs.8,200 towards interest for delay in deposit of tax.
- iv. Dividend of Rs.10 lakhs received from a foreign company in which the company holds 35% of the equity share capital of the company. Rs.30,000 was also expended on earning this income.
- v. Profit of Rs.10 Lakhs on a sale of Building to A Ltd, a domestic company, the entire shares of which were held by the assessee company. The building was acquired by ASD Ltd on 15th November 2021.

Additional information:

- i. On 20th April 2024, M/s. ASD Ltd, declared and distributed dividend of Rs. 12 Lakhs.
- ii. The depreciation as per Income Tax Rules is Rs. 35 lakhs.
- iii. The company has credited in the account of sub -contractor, an amount of Rs.4 lakhs on 31st March, 2023 towards maintenance of office building. The TDS on such payment was remitted on 31st December 2023.

Required: Compute the total income and tax payable by M/s. ASD for the Assessment year 2024-2025 clearly stating the reasons for the treatment of each item assuming that the company has opted for Section 115 BAA for the Assessment year 2024-2025. **(20 marks)**

Q.2 Mr. Anil retired from the services of M/s. BHJ Ltd. on 31/01/2024 after completing service of 30 years and 1 month. He joined the company on 01/01/1993 at the age of 30 years and received the following on his retirement:

- i. Gratuity Rs.6,00,000. He was covered under the Payment of Gratuity Act,1972.
- ii. Leave encashment of Rs.3,30,000 for 330 days leave balance in his account. He was credited 30 days leave for each completed year of service.
- iii. He was entitled to a medical allowance of Rs.5,000 per month and city compensatory allowance of Rs.1,000 per month
- iv. An amount of Rs.3,00,000 as commutation of pension for $\frac{2}{3}$ rd of his pension commutation.
- v. Company presented him a gift voucher of Rs. 6,000 on his retirement.

The following are the other particulars:

- i. He has drawn a basic salary of Rs. 20,000 and 50% dearness allowance per month for the period from 01/04/2023 to 31/01/2024.
- ii. Received pension of Rs. 5,000 per month for the period 01/02/2024 to 31/03/2024 after commutation of pension.

Required: Compute his gross total income from the above for Assessment Year 2024-2025 assuming he has not opted for the provisions of section 115 BAC. **(20 marks)**