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MBAFM-04

(Following Paper ID and Roll No. to be filled in your Answer Book)

**PAPER ID : 7155**

Roll No.

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M.B.A.

(SEMESTER-IV) THEORY EXAMINATION, 2011-12

**TAX PLANNING & FINANCIAL REPORTING**

*Time : 3 Hours ]*

*[ Total Marks : 100*

**Note :** Attempt questions from **all** Sections as directed.

**Section – A**

1. State the following questions as **true** or **false** with reasons : **10 × 2 = 20**
- Differentiate between tax avoidance and tax evasion.
  - Define a surcharge. Why it is levied ?
  - Differentiate between financial assessment and accounting year.
  - What is minimum alternate tax ?
  - What is a finance bill ?
  - Differentiate between tax planning and tax management.
  - What is foreign sales corporation ?
  - Discuss the role of transfer pricing in reducing tax burden of a multinational company.
  - What is the new income tax slab as per Union Budget 2012 ?
  - Companies can carry forward their losses for the purpose of tax calculation. Comment.

**Section – B**

2. Answer any **three** out of the following five : **3 × 10 = 30**
- Distinguish between 'Tax planning and Tax evasion'.
  - Explain any five items of income which are exempted from income-tax.
  - What deductions are allowed in determining the income from business ?
  - Explain the provisions relating to exempted capital gains.
  - Define Wealth Tax. Explain the provisions relating to computation of wealth tax.

**Section – C**

Attempt **all** questions.

**5 × 10 = 50**

3. Explain the provisions of Income Tax Act relating to tax planning in respect to NRIs. **10**

**OR**

Define Agricultural Income. Explain its types and also explain the influence of Income tax on tax liability.

4. Explain the tax planning in the following cases : **10**

(a) Ownership pattern of firms

(b) Dividends policy

**OR**

Comment on tax considerations in respect of the following managerial decisions :

(a) Make or Buy decisions

(b) Capital Budgeting decisions

5. Explain the tax consideration to be kept in mind while deciding on 'Shutdown or Continue' of a loss making business, which also has unabsorbed depreciation. **10**

**OR**

Explain any **two** of the following :

(a) Tax of distributed profit of a company

(b) Minimum Alternative Tax

(c) Company in which public are substantially interested.

6. Discuss the significance and problems of Tax Management. How is it different from tax planning ? Also illustrate the recognized methods of tax planning. **10**

**OR**

A newly established company ABC Ltd. wants to know the relief and rebates for tax planning. The company has approached to you for detailed advice and you are required to write a report that is to be sent to the company, along with explanations, if necessary.

7. "Black money has become a great problem for our economy and the Government has not been able to check its growth." Discuss the statement and give your expert comments as to whether this problem can be checked through TDS methods. **10**

**OR**

What kind of comprehensive tax planning you will make if you are a new multi-national company in India ? Support your answer with examples and discuss the essentials of tax planning.