

Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) –201306

POST GRADUATE DIPLOMA IN MANAGEMENT (2022-23)
END TERM EXAMINATION (TERM - V)

Subject Name: Tax Planning for Managers
Sub. Code: PGF51

Time: **02.30 hrs**
Max Marks: **40**

Note:

All questions are compulsory. Section A carries 5 marks: 5 questions of 1 marks each, Section B carries 21 marks having 3 questions (with internal choice question in each) of 7 marks each and Section C carries 14 marks one Case Study having 2 questions of 7 marks each.

Kindly write the all the course outcomes as per your TLEP in the box given below:

COs	Statement of Course Outcomes
CO-1	Understand about various Tax provisions and Tax planning
CO-2	Develop awareness of the importance and usefulness of the tax planning from managers' perspective
CO-3	Apply critical thinking and problem-solving skills related to taxation of individuals and corporations
CO-4	Understand how GST can be calculated & managed

SECTION - A

Attempt all questions. All questions are compulsory.

1×5 = 5 Marks

Questions	C O	Bloom's Level
<p>Q.1 Specify whether the following acts can be considered as (i) Tax planning; or (ii) Tax management; or (iii) Tax evasion.</p> <p>(i) P pays premium of Rs.10,000 for health Insurance policy so as to reduce his total income from Rs. 6,40,000 to Rs. 6,30,000 by claiming deduction u/s 80D (assuming Mr. P has not opted for section 115BAC of the Income tax Act, 1961).</p> <p>(ii) SQL Ltd. pays advance tax by estimating his total income in previous year to ensure timely compliance. 13</p> <p>(iii) An individual tax payer making tax saver fixed deposit of Rs. 1,00,000 in a nationalized bank.</p> <p>(iv) A bank obtaining declaration from depositors in Form No. 15G /15H and forwarding the same to income-tax authorities.</p> <p>(v) Z debits his household expenses as business expenses in the books.</p>	C O 1	L-1 L-2

SECTION – B

All questions are compulsory (Each question have an internal choice. Attempt any one (either A or B) from the internal choice) **7 x 3 = 21 Marks**

Questions	C O	Bloom's Level
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Q.2 : (A)

Read the income and expenditure statement below:

Income & Expenditure A/c of Lawyers & Co. for the year ending March 31, 2022					
Particulars		amount (Rs)		particulars	amount (Rs)
To Expense		1,50,000.00		By Professional receipts	3,80,000.00
To depreciation		20,000.00		By other fees	90,000.00
to Renumergartion to partners		1,50,000.00			
Interest on capital to partners @20%		20,000.00			
To Net Profit		1,30,000.00			
		4,70,000.00			4,70,000.00

Other Information:

1. Expenses include Rs. 18,000 and Rs. 12,000 paid in cash as brokerage to a single party on a single day.
 2. Depreciation calculated as per section 32 is Rs. 40,000
- Compute the total income of the firm.

Or

Q. 2 : (B)

XYZ LLP has an income of Rs. 72,00,000 under the head 'profits and gains of business or profession'. One of its business is eligible for deduction @ 100% of profits under section 80- IB for the assessment year 2021-22. The profit from such business included in the business income is Rs. 58,00,000. Compute the tax payable by the LLP, assuming that it has no other income during the previous year 2022-23.

Q. 3: (A)

- (i) Mr. X (New Delhi) boards the New Delhi-Kota train at New Delhi. He sells the goods taken on board by him (at New Delhi), at Jaipur during the journey. The place of supply of goods is _____
- (ii) Mr. W, an unregistered person, purchases coffee and snacks on board a Airjet Mumbai-New Delhi flight. The food items were loaded into the aircraft at Mumbai. The place of supply of goods is _____
- (iii) Ms. P (New Delhi) boards a New Delhi-Kolkata flight to attend a business meeting at Kolkata. She buys lunch in the flight. The food items were loaded into the aircraft at New Delhi. The Airlines is registered in New Delhi and Kolkata. The place of supply of food items by the airlines to Ms. P is _____
- (iv) Ms. S, an unregistered person, (New Delhi) is travelling from New Delhi to Kanpur, Uttar Pradesh in a train. The train starts at New Delhi and stops at three stations before reaching Kanpur. The food items were loaded into the train at Aligarh (Uttar Pradesh) – 2nd Station from where Ms. S buys dinner on board the train. The place of supply is _____

Or

Q. 3: (B)

Examine whether the following activities would amount to supply under section 7 of

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the CGST Act:

- a) Damodar Charitable Trust, a trust who gets the eye treatment of needy people done free of cost, donates clothes and toys to children living in slum area;
- b) Sulekha Manufacturers has a factory in Delhi and a depot in Mumbai. Both these establishments are registered in respective States. Finished goods are sent from factory in Delhi to the Mumbai depot without consideration so that the same can be sold.
- c) Raman is an Electronic Commerce Operator in Chennai. His brother who is settled in London is a well-known lawyer. Raman has taken legal advice from him free of cost with regard to his family dispute;
- d) Would your answer be different if in the above case, Raman has taken advice in respect of his business unit in Chennai.

Q. 4: (A).

Teerath Ltd. is a widely held company. It is currently considering a major expansion of its production facilities and the following alternatives are available:

Particulars	Alt - 1	Alt - 2	Alt - 3
	(Rs)	(Rs)	(Rs)
Share capital	10,00,000.00	20,00,000.00	50,00,000.00
14% Debenture	15,00,000.00	20,00,000.00	
18% Loan from bank	25,00,000.00	10,00,000.00	

Expected rate of return before tax is 30%. Rate of dividend of the company since 2000 has not been less than 22% and date of dividend declaration is 30th June every year. Corporate tax rate is 30%. Which alternative should the company opt with reference to tax planning?

Or

Q. 4: (B).

ABC Ltd. is a foreign subsidiary company of XYZ Ltd. XYZ Ltd. sells refrigerators to ABC Ltd. at a price of Rs. 10,000 each for sale to its dealers in Singapore. In other States, XYZ Ltd. is directly selling to their dealers at Rs. 12,000 with a warranty of one year (Rs. 500 for each fridge). ABC Ltd. does not offer such warranty. Quantity sold to ABC Ltd. is 8000 units and to dealers of XYZ Ltd. is 3000 units. What should be the arm's length price (ALP) and compute the ALP and addition required to be made to compute income of XYZ Ltd.

SECTION - C

Read the case and answer the questions

7×02 = 14 Marks

Questions

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**Bloom's
Level**

Q. 5:

X Ltd is engaged in business of carriage of goods. On April 1, 2021, it owns 10 trucks :- 7 heavy goods vehicle (14 ton each) and 3 LGV (5 ton each). On May 6 th 2021, one heavy vehicle is sold by X Ltd to purchase one LGV on may 10 2021. The newly purchased LGV is put to use from June 17, 2021. Find out the net income of X Ltd for AY 2022-23 taking into consideration following data:-

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freight collected	890000
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operational expense (30000 cash paid)	640000		
depreciation	190000		
other expenses	15000		
net profit	45000		
other business income	670000		

Questions:

Q. 5: (A). Compute the income u/s 44AE

Q. 5: (B). What are the consequences if X ltd wants to declare an income lower than that computed u/s 44AE

Kindly fill the total marks allocated to each CO's in the table below:

COs	Marks Allocated
CO1	5 Marks
CO2	7 Marks
CO3	21 Marks
CO4	7 Marks

(Please ensure the conformity of the CO wise marks allocation as per your TLEP.)

Blooms Taxonomy Levels given below for your ready reference:

- L1= Remembering
- L2= Understanding
- L3= Apply
- L4= Analyze
- L5= Evaluate
- L6= Create