

MMS III

02-11-2010

Finance

2/11/10

Fiscal Policy & Corporate Tax Planning

Finance

FPCTP 03

Roll No:

Total No of Printed Pages-3

Total No of Questions-5

Maximum Marks- 30

Duration (hrs)-3

Section- 1

Note: Q-1 and 2 are compulsory do any 2 out of the rest.

Section-1 & Section-2 to be solved on separate Answer Books.

Q-1 Explain in brief

5

- 1) Tax revenue and non tax revenue
- 2) Cannon of equality
- 3) Progressive and regressive tax
- 4) Land revenue
- 5) Custom duty
- 6) Fiscal Policy

Q-2 Explain concretionary and expansionary fiscal policy. Explain the features of a good budget.

5

Or

Explain direct and indirect taxes. Explain the capital gains tax and service tax

Q-3 Explain income tax, sales tax excise duty and value added tax. What is the position of these taxes in the union budget 2010?

10

Q-4 what do you understand by subsidy. Explain labour subsidy and perverse subsidy. Explain the SCM agreement.

10

Q-5 Do a comparative analysis of tax structure of USA and UK tax structure. 10

Roll No.: _____

Total No. of Questions: 5

Maximum Marks: 30

Section - 2

1. XYZ Ltd., a company mainly engaged in the business of manufacturing, shows a profit of Rs. 7,86,000 for the year ended 31.03.2010, after debiting the following amount to Profit and Loss Account:

10 Marks

Particulars	Amount (Rs.)
Fees paid to an architect for valuation of buildings of the assessee	12,500
Fees paid to management consultant for preparation and formulation of budgeting formats	34,000
Expenditure incurred on foreign tours to attend business conferences	18,700
Income Tax paid in foreign countries	82,000
Repairs expenses incurred on property taken on lease	4,000
Lunch at five star hotel with 4 representatives of suppliers	40,000
Payment of FBT	20,000
Interest, out of the above, Interest payable to scheduled bank of Rs. 10,000 was paid on 01.11.2010 Interest payable outside India was Rs. 15,000, on which tax was not deducted	40,000
Depreciation	10,000

Opening tax WDV of block (eligible for tax depreciation @ 15%) was Rs. 1,00,000. On 1 September 2009, a new asset of Rs. 20,000 falling under the

same block was purchased & another asset was sold on 10 October 2009 for Rs. 5,000.

Compute the income taxable under the head business income.

2. Answer the following:

6 Marks

a. What are various modes of business re-organization. In respect of each reorganization option, explain whether the same is taxable under the ITA.

b. What is the difference between amalgamation & slump sale under the ITA?

3. What is the difference between tax planning and tax management?

4 Marks

4. With the help of an example, explain the cascading effect under dividend distribution tax mechanism.

6 Marks

5. Explain the applicability of service tax on reimbursements

4 Marks

□ XOX 2

3 :