

OR

What are the provisions under the Income tax laws in relation to carry forward and set off of losses & depreciation.

5. Write a detailed note on Advance Payment of Tax.

OR

Explain the Tax planning provision with reference to Merger.

MFT/Sem II/240

**Master of Foreign Trade (MFT)
(Semester II) Examination,
2014-15**

Commerce

Paper : MFT-421

Corporate Tax Planning & Management

Time : Three Hours

Full Marks :70

(Write your Roll No. at the top immediately on the receipt of this question paper)

Note: Attempt **all** the questions. **All** questions carry equal marks.

1. Which aspects are covered under Tax Management ? How is Tax Planning different from Tax Management ?

OR

Discuss the important points which should be considered at the time of establishment of new business.

2. Capital Structure of three companies is as Under :

Types of Capital	A Ltd.	B Ltd.	C ltd.
	₹	₹	₹
Equity Share capital	5,00,000	4,00,000	2,00,000
12% Debentures	–	1,00,000	3,00,000
	5,00,000	5,00,000	5,00,000

Explain whose capital Structure is best if rate of return on investment is :

- (a) 20%
- (b) 15%
- (c) 10%

Give your conclusion assuming that rate of income tax is 35%

OR

Explain the tax Planning in relation to the following :

- (i) Dividends
- (ii) Bonus Shares

3. A company requires an Equipment. From the following information suggest to the company whether it should make the equipment or buy it :

(a) Cost of Manufacturing

- (i) A new machine will be purchased for ₹10,00,000. After three years, it will be sold for ₹ 6,00,000. If there is any loss on sale of machine, it will be set-off against any other short term capital gain.
- (ii) Rate of depreciation 15% p.a.
- (iii) Production Cost
 - I year - 14,00,000;
 - II year - 16,00,000;
 - III year - 18,00,000.

(iv) Rate of Tax 30%

(b) Cost of Purchase

- I year - 20,00,000
- II year - 22,00,000
- III year - 24,00,000

OR

Explain the Tax considerations to be kept in mind while deciding on shut down or continue of a loss making unit.

4. Discuss the deduction available for development of infrastructure sector.