

DOON UNIVERSITY, DEHRADUN
Mid-Term Examination, 2014
School of Management (MBA 2yrs.-III Sem)
Course: MMS – 524: Corporate Tax Planning

Time Allowed: 1^{1/2} Hours

Maximum Marks: 30

(Note: Attempt All Questions from Sections A and B and any 2 from Section C.)

SECTION : A

(Marks:10)

Q1) Compute taxable income under the head salary of Mr. X (an employee of a company) for the assessment year 2013-2014:

- (a) Salary Rs. 5,000 p.m.
- (b) D.A. Rs. 3,500 p.m.
- (c) Entertainment Allowance Rs. 1,000 p.m.
- (d) Employer's Contribution to Recognized Provident Fund Rs. 7,400. His own contribution was Rs. 7,400.
- (e) Interest @ 10% p.a. on Credit Balance of Recognized P.F. amounted to Rs. 10,000.
- (f) City Compensatory Allowance Rs. 500 p.m.
- (g) Medical Allowance Rs. 1,200 p.m.
- (h) He has been provided with a large Car for both official and personal use. Employer bears all expenses of the car.
- (i) He is provided an unfurnished house by the employer in a city (population 12 lac). The fair rental value of the house is Rs. 30,000 p.a. Employer charges Rs. 500 from him per month as rent.

SECTION : B (Short Answer Type Questions)

(Marks: 1x5=5)

Q1. Explain person.

Q2. Explain assessment year.

Q3. Tax avoidance

Q4. Gratuity

Q5. Resident

SECTION : C (Long Answer Type Questions. Attempt any TWO Questions).

(Marks: 7.5 x 2)

Q1. What do mean by allowances? Explain types of allowances in brief.

Q2. What is tax planning and tax avoidance? Differentiate between them.

Q3. A) Mr. A retires in September 2013 after having put in 45 years of service in a company .His average salary for 10 months preceding September 2013 is Rs. 12000 per month. He receives a gratuity of Rs. 2,60,000. Compute his taxable gratuity.

B) Mr. Ram was employed in a company. He took voluntary retirement on 1st December 2013 after completing 25 years of service. On 1st January, 2013 his salary was Rs. 6,000 p.m. after adding the annual increment. In this company one month leave accrued every year. Compute the amount exempt regarding encashment of earned leave, if his total leave availed during service was 10 months and actually received amount is Rs. 2,40,000.