23U677 (Pages: 3) Name: …………..……….

Reg. No………….………

SIXTH SEMESTER B.Com. DEGREE EXAMINATION, APRIL 2026

(CBCSS-UG)

(Regular/Supplementary/Improvement)

CC20UBCM6B15 – CORPORATE TAXATION AND TAX PLANNING

(Commerce: Taxation – Core Course)

(2020 Admission onwards)

Time: 2 ½ Hours Maximum: 80 Marks

Credit: 5

Part A

Answer ***all*** questions. Each question carries 2 marks.

1. Define a company under the Income Tax Act, 1961.
2. What is meant by a domestic company?
3. State the meaning of residential status of a company.
4. What is corporate tax?
5. What is meant by carry forward of losses?
6. Mention any two deductions available to corporate assessees.
7. Define Minimum Alternative Tax (MAT).
8. What is Security Transaction Tax (STT)?
9. What is meant by tax planning?
10. Distinguish between tax evasion and tax avoidance.
11. What is dividend policy?
12. What is meant by bonus shares?
13. What is capital gain?
14. What is meant by Special Economic Zone (SEZ)?
15. What is tax incentive?

(Ceiling: 25 Marks)

Part B

Answer ***all*** questions. Each question carries 5 marks.

16. Discuss the concept and objectives of corporate tax planning.
17. Distinguish between tax planning, tax management and tax evasion.
18. Explain tax planning with reference to capital structure decisions.

19. X Ltd. a domestic company, has two businesses A and B. For the last two year business A has been running at a loss wiping out the entire profits of business B. At the end of the financial year 2022-23, there are brought forward losses of ₹ 8,00,000 and unabsorbed depreciation ₹ 5,00,000.

In the financial year 2023-24 onwards it is expected that business B will earn a profit of ₹ 5,00,000 annually and if business A is continued at a minimum level there will be an annual loss of ₹ 1,00,000 and rate of tax will be 26%.

Please suggest to the management of the company Assuming the rate of tax 26%, whether business A should be continued or shut down.

20. Discuss tax incentives available to companies located in Special Economic Zones (SEZs).

21. From the following information compute total income of the assessee:

Profit from an undertaking entitled to deduction u/s 80IB @ 100% of profit ₹ 20,00,000

Loss from another undertaking not entitled to deduction under Chapter VIA ₹ 9,00,000

Interest income ₹ 10,00,000

22. Explain tax planning relating to owning or leasing of assets.

23. Sahas Company Limited is a widely-held domestic company. The following are the particulars of its income in respect of the Previous Year 2024–2025:

(a) Income from business	₹ 1,09,80,000
(b) Interest on Government securities	₹ 20,000
(c) Short-term capital gains u/s 111A	₹ 30,000
(d) Long-term capital gains	₹ 66,000
(e) Dividend from a domestic company (gross)	₹ 20,000
(f) Dividend from a foreign company	₹ 20,000
(g) Book profit u/s 115JB	₹ 1,05,00,000

During the previous year the company donated ₹ 50,000 to National Defence Fund by cheque. Compute the company's total income for the Assessment Year 2025–2026.

(Ceiling: 35 Marks)

Part C

Answer any ***two*** questions. Each question carries 10 marks.

24. Explain tax planning for setting up a new business with reference to location, nature and form of organisation, and incentives available to infrastructure and backward areas.

25. Roy Traders Limited closes its accounts on 31st March every year. During 2024–2025 it had the following incomes and expenses:

(a) Profit from business	₹ 2,00,000.
(b) Long-term capital gain on transfer of land	₹ 1,00,000.
(c) Long-term capital gain on transfer of building	₹ 1,50,000.
(d) Short-term capital loss	₹ 60,000.
(e) Rent from house property	₹ 36,000.
(f) Municipal tax paid relating to house property	₹ 4,000.
(g) Dividend from an Indian company	₹ 10,000.
(h) Income from units of UTI	₹ 5,000.
(i) Dividend from a co-operative society	₹ 10,000.
(j) Income from royalty from a foreign company	₹ 1,00,000.

Calculate total income of the company for the Assessment Year 2025–2026.

26. Mr. Kapil and Sachin proposed to set up a business either as a partnership or as a private limited company, with capital contribution of ₹ 10,00,000 each. Profit of the business before charging their remuneration at ₹ 25,000 per month each and interest @ 12% p.a., is estimated at ₹ 18,00,000. Profits after tax are proposed to be distributed equally as profit/dividend. Advise them with appropriate working about the form of organization they should choose from the point of view of tax implication involved in each case, assuming that they have no income other than from the proposed business. Assume that the company is liable to pay income tax @ 25% + Surcharge + Health & Education cess.

27. Anupam Limited wants to raise capital of ₹ 20,00,000 for a project where earning before tax shall be 40% of the capital employed. The company can raise debt fund @ 18% p.a. Suggest, which of the following 3 alternatives should it opt for:

(a) ₹ 20,00,000 to be raised by Equity Capital.

(b) ₹ 16,00,000 by Equity and ₹ 4,00,000 by Loans.

(c) ₹ 4,00,000 by Equity Capital and ₹ 16,00,000 by Loans.

Assume the company shall distribute the entire amount of profit as dividend and tax rate is 27.82%.

(2 × 10 = 20 Marks)

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