

# National Testing Agency

<b>Question Paper Name :</b>	Corporate Tax Planning 26th March 2021 Shift 2
<b>Subject Name :</b>	Corporate Tax Planning
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## Corporate Tax Planning

<b>Group Number :</b>	1
<b>Group Id :</b>	512452200
<b>Group Maximum Duration :</b>	0
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<b>Show Attended Group? :</b>	No
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<b>Break time :</b>	0
<b>Group Marks :</b>	100
<b>Is this Group for Examiner? :</b>	No

## Corporate Tax Planning-1

<b>Section Id :</b>	512452874
<b>Section Number :</b>	1
<b>Section type :</b>	Online
<b>Mandatory or Optional :</b>	Mandatory
<b>Number of Questions :</b>	20
<b>Number of Questions to be attempted :</b>	20

**Section Marks :** 20  
**Mark As Answered Required? :** Yes  
**Sub-Section Number :** 1  
**Sub-Section Id :** 512452992  
**Question Shuffling Allowed :** Yes

**Question Number : 1 Question Id : 51245217014 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0**

An assessee can minimise the tax liability in a legal way by

1. Tax Planning
2. Tax evasion
3. Tax avoidance
4. None of the above

**Options :**

- 51245254923. 1
- 51245254924. 2
- 51245254925. 3
- 51245254926. 4

**Question Number : 2 Question Id : 51245217015 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0**

Important factors of tax planning are

1. Residential status of the assessee
2. Heads of income of the assessee
3. Latest legal provisions
4. All of the above

**Options :**

- 51245254927. 1

51245254928. 2

51245254929. 3

51245254930. 4

**Question Number : 3 Question Id : 51245217016 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0**

Important methods of tax planning are

1. Lon-term tax planning
2. Short-term tax planning
3. Purposive tax planning
4. All of the above

**Options :**

51245254931. 1

51245254932. 2

51245254933. 3

51245254934. 4

**Question Number : 4 Question Id : 51245217017 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0**

Impoetance of tax planning are

1. lowering the tax liability
2. Avoiding the penalties
3. Maximizing tax savings from allowable deductions
4. All of the above

**Options :**

51245254935. 1

51245254936. 2

51245254937. 3

51245254938. 4

**Question Number : 5 Question Id : 51245217018 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0**

Gross total income of an Investment company consists of

1. Income from house property
2. Capital gains
3. Income from other sources
4. All of the above

**Options :**

- 51245254939. 1
- 51245254940. 2
- 51245254941. 3
- 51245254942. 4

**Question Number : 6 Question Id : 51245217019 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0**

Total income of a company depends on

1. Residential Status of the assessee
2. Place of effective management
3. Residential status and place of effective management
4. None of the above

**Options :**

- 51245254943. 1
- 51245254944. 2
- 51245254945. 3
- 51245254946. 4

**Question Number : 7 Question Id : 51245217020 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No**

**Correct Marks : 1 Wrong Marks : 0**

Incomes which accrue or arise outside India but received in India are taxable in the hands of

1. Resident only
2. Non resident only
3. None of the above
4. Both 1 & 2

**Options :**

- 51245254947. 1
- 51245254948. 2
- 51245254949. 3
- 51245254950. 4

**Question Number : 8 Question Id : 51245217021 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No**

**Correct Marks : 1 Wrong Marks : 0**

The concept of place POEM is applicable in case of:

1. An Indian Co.
2. A foreign Co.
3. Both 1 & 2
4. None of the above

**Options :**

- 51245254951. 1
- 51245254952. 2
- 51245254953. 3
- 51245254954. 4

**Question Number : 9 Question Id : 51245217022 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No**

**Correct Marks : 1 Wrong Marks : 0**

Accumulated profit includes:

1. Balance of P/L Statement
2. Provision of income tax
3. General Reserve
4. Both 1 & 3

**Options :**

- 51245254955. 1
- 51245254956. 2
- 51245254957. 3
- 51245254958. 4

**Question Number : 10 Question Id : 51245217023 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0**

ICT Ltd. an Indian Co. whose place of effective management is situated in Sri Lanka.  
The residential status of the company would be:

1. Resident in India
2. Non-resident in India
3. Resident but not ordinarily resident
4. None of the above

**Options :**

- 51245254959. 1
- 51245254960. 2
- 51245254961. 3
- 51245254962. 4

**Question Number : 11 Question Id : 51245217024 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0**

For a company the tax liability for a particular assessment year would be equal to:

1. Tax liability computed under normal provision
2. Tax liability computed under MAT provision
3. Higher of tax liability under normal provision and MAT provision
4. None of the above

**Options :**

- 51245254963. 1
- 51245254964. 2
- 51245254965. 3
- 51245254966. 4

**Question Number : 12 Question Id : 51245217025 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0**

The maximum amount of deduction u/s 80IA for an infrastructural facility is:

1. 50% of profit for 10 consecutive year
2. 100% profit for 10 consecutive years
3. 100% for first 5 years and 30% for the subsequent 5 years
4. 75% of profit for 5 consecutive years

**Options :**

- 51245254967. 1
- 51245254968. 2
- 51245254969. 3
- 51245254970. 4

**Question Number : 13 Question Id : 51245217026 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0**

A company obtained a telecom license in 2019-20 for a period of 5 years. The license fees paid in 2020-21 for Rs. 15 lakhs. What would be the amount of deduction u/s 35ABB

1. Rs.3lakh each for 5 years from 2019-20
2. Rs. 3lakh for 4 years from 2020-21
3. Rs.3lakhs for 5 years from 2020-21
4. 15lakhs in 2019-20

**Options :**

- 51245254971. 1
- 51245254972. 2
- 51245254973. 3
- 51245254974. 4

**Question Number : 14 Question Id : 51245217027 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0**

In which cases the amount withdrew from tea development account is not taxable in case of corporate assessee:

1. Closure of business
2. Liquidation of the company
3. Withdrew amount has been used for the specific purpose in the PY
4. All of the above

**Options :**

- 51245254975. 1
- 51245254976. 2
- 51245254977. 3
- 51245254978. 4

**Question Number : 15 Question Id : 51245217028 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No**



**Correct Marks : 1 Wrong Marks : 0**

The provision for Alternate Minimum Tax is applicable for:

1. Individual
2. Company
3. Partnership & LLP
4. Individual, Partnership & LLP

**Options :**

- 51245254979. 1
- 51245254980. 2
- 51245254981. 3
- 51245254982. 4

**Question Number : 16 Question Id : 51245217029 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0**

The purpose of double taxation relief is:

1. Minimize tax liability
2. Avoid multiple levy of taxes in India
3. Avoid multiple levy of tax in different countries
4. All of the above

**Options :**

- 51245254983. 1
- 51245254984. 2
- 51245254985. 3
- 51245254986. 4

**Question Number : 17 Question Id : 51245217030 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0**

Under the scheme of demerger all assets and liabilities of demerged company are transferred at:

1. Market value
2. Book value
3. Net realizable value
4. Net present value

**Options :**

- 51245254987. 1
- 51245254988. 2
- 51245254989. 3
- 51245254990. 4

**Question Number : 18 Question Id : 51245217031 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0**

Privision for section 115BBD is applicable if dividend is received from:

1. Specified foreign company
2. Domestic company
3. Foreign company
4. Indian company

**Options :**

- 51245254991. 1
- 51245254992. 2
- 51245254993. 3
- 51245254994. 4

**Question Number : 19 Question Id : 51245217032 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0**

If an asset is purchased out of own fund , an assessee can claim deduction for:

1. Cost of the asset
2. Depreciation
3. Investment allowance u/s 32AD subject to condionts
4. Depreciation & Investment allowance

**Options :**

- 51245254995. 1
- 51245254996. 2
- 51245254997. 3
- 51245254998. 4

**Question Number : 20 Question Id : 51245217033 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0**

ITAT stands for

1. Income Tax and Advance Tax
2. Income Tax Appellate Tribunal
3. Input Tax Accounting Terminal
4. Indian Tax Administration Tribunal

**Options :**

- 51245254999. 1
- 51245255000. 2
- 51245255001. 3
- 51245255002. 4

## Corporate Tax Planning-2

**Section Id :**

512452875

**Section Number :**

2

<b>Section type :</b>	Offline
<b>Mandatory or Optional :</b>	Mandatory
<b>Number of Questions :</b>	10
<b>Number of Questions to be attempted :</b>	10
<b>Section Marks :</b>	30
<b>Mark As Answered Required? :</b>	Yes
<b>Sub-Section Number :</b>	1
<b>Sub-Section Id :</b>	512452993
<b>Question Shuffling Allowed :</b>	No

**Question Number : 21 Question Id : 51245217034 Question Type : SUBJECTIVE**

**Correct Marks : 3**

Differentiate between tax planning, tax evasion and tax avoidance.

**Question Number : 22 Question Id : 51245217035 Question Type : SUBJECTIVE**

**Correct Marks : 3**

As a tax planner, what factors would you consider for an assessee to minimize tax liability?

**Question Number : 23 Question Id : 51245217036 Question Type : SUBJECTIVE**

**Correct Marks : 3**

How do you determine tax liability of a company in India?

**Question Number : 24 Question Id : 51245217037 Question Type : SUBJECTIVE**

**Correct Marks : 3**

State the provision of MAT credit.

**Question Number : 25 Question Id : 51245217038 Question Type : SUBJECTIVE**

**Correct Marks : 3**

Is there any relation between corporate tax planning and corporate planning?

**Question Number : 26 Question Id : 51245217039 Question Type : SUBJECTIVE**

**Correct Marks : 3**

What benefits a company can enjoy for inhouse scientific reserach expenditure?

**Question Number : 27 Question Id : 51245217040 Question Type : SUBJECTIVE**

**Correct Marks : 3**

State the different methods of ascertaining Arms Length Price.

**Question Number : 28 Question Id : 51245217041 Question Type : SUBJECTIVE**

**Correct Marks : 3**

What do you mean by Associated Enterpriss?

**Question Number : 29 Question Id : 51245217042 Question Type : SUBJECTIVE**

**Correct Marks : 3**

State when an entity will make a product or buy a product when it does not purchase a new machine or establish a new unit.

**Question Number : 30 Question Id : 51245217043 Question Type : SUBJECTIVE**

**Correct Marks : 3**

From tax point of view, which form of business is preferable: i) Sole Proprietorship or ii) Partnership. Mention any three tax implications.

### **Corporate Tax Planning-3**

<b>Section Id :</b>	512452876
<b>Section Number :</b>	3
<b>Section type :</b>	Offline
<b>Mandatory or Optional :</b>	Mandatory
<b>Number of Questions :</b>	7
<b>Number of Questions to be attempted :</b>	5
<b>Section Marks :</b>	50
<b>Mark As Answered Required? :</b>	Yes
<b>Sub-Section Number :</b>	1
<b>Sub-Section Id :</b>	512452994
<b>Question Shuffling Allowed :</b>	No

**Question Number : 31 Question Id : 51245217044 Question Type : SUBJECTIVE**

**Correct Marks : 10**

Describe the different types of deemed dividend as per income tax act 1961.

**Question Number : 32 Question Id : 51245217045 Question Type : SUBJECTIVE**

**Correct Marks : 10**

Under what circumstances a search and survey under the Income Tax Act may take place?

**Question Number : 33 Question Id : 51245217046 Question Type : SUBJECTIVE  
Correct Marks : 10**

What are the procedure for assessment in respect of search cases? Explain.

**Question Number : 34 Question Id : 51245217047 Question Type : SUBJECTIVE  
Correct Marks : 10**

The purpose of double taxation avoidance agreement is to avoid multiple levy of taxes in different countries-- discuss the relevant provisions of Income Tax Act.

**Question Number : 35 Question Id : 51245217048 Question Type : SUBJECTIVE  
Correct Marks : 10**

Discuss, under what circumstances return of income can be revised and also state the provisions and restrictions for such revision of return.

**Question Number : 36 Question Id : 51245217049 Question Type : SUBJECTIVE  
Correct Marks : 10**

Exide Ltd. currently considering to raise Rs.20,00,000/- for a project and considers the following alternatives:

	A1	A2	A3
Equity shares of Rs.10/- each	Rs.12,00,000	Rs.10,00,000	Rs.8,00,000
8% Pref. shares of Rs.10each	Rs.8,00,000	---	Rs.2,00,000
12% Debentures	----	----	Rs.10,00,000
15% Long term loan from SBI	---	Rs.10,00,000	----

Rate of tax-31.2%; Rate of DDT-20.55529%; Rate of return- 15% (before tax)

Advise the company about the best option.

**Question Number : 37 Question Id : 51245217050 Question Type : SUBJECTIVE**

**Correct Marks : 10**



PS Ltd. wishes to purchase a machine costing Rs.5,00,000/- having effective life of 5 years. The company has the following options: O<sub>1</sub>: To purchase by paying the entire cost immediately

O<sub>2</sub>: To obtain on lease by paying a lease rent of Rs.1,50,000/- p.a. at the beginning of each year. A lease management fees of Rs.5000/- is payable at the beginning.

Rate of depreciation- 15%; Additional depreciation -20%; Rate of tax- 31.2%; Rate of discount-10%.

[PV of Re.1 at 10% discount: Y1-0.909; Y2-0.826; Y3-0.751; Y4-0.683; Y5-0.621]