

## **Questions Bank for MCOM 402 - Corporate Tax Planning**

# **SECTION A: 50 Long Answer Questions**

### **Unit I: Tax Planning & Management**

1. Define tax planning and tax management. Explain their meaning and importance.
2. Discuss the objectives of tax planning in the corporate sector.
3. Explain the characteristics and nature of tax planning.
4. Describe the scope of tax planning and management.
5. Discuss the types of tax planning with suitable examples.
6. Explain the limitations of tax planning in the corporate sector.
7. Define tax evasion and tax avoidance. Differentiate between the two.
8. Compare tax planning and tax evasion.
9. Compare tax planning and tax avoidance.
10. Differentiate between tax management and tax planning.

### **Unit II: Assessment of Companies**

11. Explain the process of computation of taxable income for companies.
12. Describe the steps involved in calculating corporate tax liability.
13. What is Minimum Alternate Tax (MAT)? Discuss its significance.
14. Explain the provisions related to tax on distributed profits of domestic companies.
15. Discuss the tax implications of dividend distribution by companies.
16. Explain the assessment procedure for domestic companies under Income Tax Act.
17. What is Alternate Tax? How is it calculated?
18. Discuss the role of tax planning in company assessment.
19. Explain the relevance of MAT in tax planning.
20. Write a detailed note on tax on distributed profits.

### **Unit III: Tax Concessions & Incentives**

21. Discuss the implications of tax concessions for setting up a new business.
22. Explain the tax incentives available to companies for new projects.
23. Describe tax planning related to financial management decisions.
24. How does tax planning influence capital structure decisions?
25. Discuss tax planning considerations for dividend policy.
26. Explain the impact of tax planning on bonus share issuance.
27. How do tax concessions benefit corporate growth?
28. Explain the role of government incentives in corporate tax planning.
29. What are the factors to be considered for tax planning in new businesses?
30. Discuss the tax aspects of capital budgeting decisions.

## **Unit IV: Tax Planning for Assets**

31. Explain tax planning for assets owned or leased.
32. Discuss tax implications of purchasing assets through instalment system.
33. Write a note on hire purchase and its tax planning aspects.
34. How is tax planning done for sale of assets used for scientific research?
35. Discuss the tax benefits of purchasing an asset out of own funds.
36. Explain the tax implications of purchasing an asset out of borrowed capital.
37. Discuss tax planning for manufacturing or renovating an asset.
38. Explain tax planning for shutting down a unit.
39. Discuss tax implications for continuing business decisions.
40. Explain the impact of asset financing on tax liability.

## **Unit V: Amalgamation & Demerger**

41. Explain the concept of amalgamation in corporate tax planning.
42. Discuss tax planning in respect of amalgamation of companies.
43. Explain the concept of demerger in corporate tax planning.
44. Discuss tax planning for demerger of companies.
45. What are the conditions for availing tax benefits on amalgamation?
46. Discuss the implications of section 72A related to carry forward of losses.
47. Explain the role of tax planning in restructuring companies.
48. Write a detailed note on the tax benefits available in case of amalgamation.
49. Explain how companies can optimize taxes through demerger.
50. Discuss the challenges faced in tax planning during amalgamation.

## **SECTION B: 50 Short Answer Questions**

1. Define tax planning.
2. What is tax management?
3. Mention any two objectives of tax planning.
4. Give two characteristics of tax planning.
5. State any two limitations of tax planning.
6. Define tax evasion.
7. Define tax avoidance.
8. Differentiate tax planning and tax evasion (two points).
9. Differentiate tax planning and tax avoidance (two points).
10. What is the scope of tax planning?
11. What is Minimum Alternate Tax (MAT)?
12. Expand MAT.
13. Define distributed profits.
14. What is dividend distribution tax?
15. Write any two steps for assessing a company's taxable income.
16. What is Alternate Tax?

17. Name any two incentives given to companies.
18. What is a tax concession?
19. Define capital structure decisions.
20. What is dividend policy?
21. What is a bonus share?
22. Write any two tax benefits for setting up new businesses.
23. What is a hire purchase?
24. Define lease.
25. What is a scientific research asset?
26. Mention two tax benefits for scientific research.
27. Write two points on asset purchase by installment.
28. What is borrowed capital?
29. What is amalgamation?
30. What is demerger?
31. State two conditions for tax benefits on amalgamation.
32. Mention any two benefits of amalgamation.
33. Write two challenges in tax planning.
34. What is capital budgeting?
35. Write any two tax implications of leasing.
36. Define asset renovation.
37. What is asset disposal?
38. What is tax restructuring?
39. What is a tax holiday?
40. Name one section related to amalgamation tax benefits.
41. What is tax rebate?
42. What is a tax credit?
43. What is deferred tax?
44. What is direct tax?
45. What is indirect tax?
46. What is the carry forward of losses?
47. What is MAT credit?
48. What is the bonus issue?
49. What is the financial year for tax purposes in India?
50. Write any two suggested readings for tax planning.

## **SECTION C: 50 Objective Type Questions**

1. Tax planning helps in \_\_\_\_\_ the tax liability.
2. Tax evasion is \_\_\_\_\_ (legal/illegal).
3. Tax planning is \_\_\_\_\_ (legal/illegal).
4. Tax avoidance exploits \_\_\_\_\_ in the law.
5. MAT stands for \_\_\_\_\_.
6. Alternate Tax is applicable to \_\_\_\_\_.
7. Distributed profits are taxed under \_\_\_\_\_.

8. Dividend policy affects \_\_\_\_\_ planning.
9. Bonus shares are given from \_\_\_\_\_.
10. Capital structure involves \_\_\_\_\_ and equity.
11. Tax concession is a \_\_\_\_\_ benefit.
12. Section 72A relates to \_\_\_\_\_.
13. MAT ensures companies pay \_\_\_\_\_ tax.
14. Tax planning is a \_\_\_\_\_ process.
15. Tax management ensures \_\_\_\_\_ with law.
16. Hire purchase involves payment in \_\_\_\_\_.
17. Leasing means \_\_\_\_\_ assets.
18. Amalgamation means \_\_\_\_\_ of companies.
19. Demerger means \_\_\_\_\_ of companies.
20. MAT credit can be carried forward for \_\_\_\_\_ years.
21. Dividend is paid to \_\_\_\_\_.
22. Bonus shares are issued to \_\_\_\_\_.
23. Tax holiday means \_\_\_\_\_ period.
24. Asset purchase affects \_\_\_\_\_ liability.
25. Financial year starts on \_\_\_\_\_.
26. Direct tax is collected by \_\_\_\_\_.
27. Scientific research gets \_\_\_\_\_ deduction.
28. Amalgamation can help in \_\_\_\_\_ losses.
29. Corporate tax is \_\_\_\_\_ tax.
30. Minimum Alternate Tax applies to \_\_\_\_\_ companies.
31. MAT is calculated under section \_\_\_\_\_.
32. Profit distribution attracts \_\_\_\_\_ tax.
33. Dividend is \_\_\_\_\_ income for shareholders.
34. Borrowed capital increases \_\_\_\_\_ costs.
35. Tax planning for assets can \_\_\_\_\_ tax burden.
36. Depreciation reduces \_\_\_\_\_ income.
37. Bonus shares increase \_\_\_\_\_ capital.
38. Tax rebates are \_\_\_\_\_ benefits.
39. Tax credits reduce \_\_\_\_\_ liability.
40. Tax audit is conducted by \_\_\_\_\_.
41. Corporate tax rates are decided by \_\_\_\_\_.
42. Amalgamation can be \_\_\_\_\_ or merger.
43. Demerger creates \_\_\_\_\_ entities.
44. MAT is calculated on \_\_\_\_\_ profit.
45. Dividend tax is paid by \_\_\_\_\_.
46. MAT was introduced in \_\_\_\_\_.
47. Lease rental is \_\_\_\_\_ expense.
48. Tax incentives promote \_\_\_\_\_ growth.
49. Dividend policy affects \_\_\_\_\_ return.
50. Tax avoidance exploits \_\_\_\_\_ provisions

