

Department of Commerce
University of Delhi

Course	B.Com (H)
Semester	Vth
Subject	Corporate tax planning
Paper No.	BCH 5.4 (a)

The meeting for the above mentioned paper was held at Hans Raj College on 09/08/2017 at 2:00 PM. The Following guidelines were set in the meeting with the consent of all teachers and the representative of Department of Commerce, University of Delhi:

- 1) One question from each unit is to be asked (Total 5 questions from 5 units)**
- 2) Internal Choice should be from the same unit.**

Unit I

Tax planning, Tax management, Tax evasion, Tax avoidance

Types of Companies – Indian company, Domestic company, Foreign company, closely held company, widely held company and Industrial company

Residential status of companies and tax incidence

Place of effective management – Only basic concept should be discussed this year. It can be discussed in detail once complete guidelines are out.

Carry forward and set off of losses in case of certain companies - Only section 79 is to be discussed.

Tax liability and Minimum alternate tax (MAT) – Adjustments related to REITs and Infrastructure investment fund may not be discussed.

Deductions available to corporate assesses

Tax on distributed Profit – Only section 115-O, 115-P, 115-Q to be discussed

Tax on Units of Mutual fund – Only section 115-R, 115-S, 115-T to be discussed

Unit II

Tax planning with reference to setting up of a new business

Location of Business, Nature of Business – Only following sections need to be discussed

Sec 35AD, 33AB, 35ABA, 35ABB, 44AD, 44ADA, 44AE, 10AA, 80IAC, 80IE

Form of Organization

Tax planning with reference to financial management decision –Capital structure, Dividend and bonus shares (only Equity shares to Equity shareholders). Bonus debentures and Bonus preference shares to be ignored.

Tax planning with reference to sale of scientific research assets

Unit III

Tax planning with reference to specific management decisions – Make or buy, Own or lease, Repair or replace

Tax Planning with reference to employees’ remuneration

Tax Planning with reference to receipt of insurance compensation

Tax Planning with reference of distribution of assets at the time of liquidation

Emphasis should be more on practical.

Unit IV

Tax Planning in respect of non-residents

Taxable income for non-residents – Interest, salaries and exemptions from tax to non-residents

10(4), 10(4)(b), 44B v/s 172, 44BBA, 44C, First proviso to Section 48 (Computation of capital gains of assets purchased in foreign currency)

115A – Only interest incomes related to foreign currency loans is to be covered.

115A (1)(a) – Only interest income is to be covered.

115 C to I

Double taxation relief

Provisions regulating transfer pricing, Computation of Arm’s length pricing – Theory of all 5 methods should be discussed and in Practical, only Compared Uncontrolled Price Method (CUPM) and Re-sale price method (RPM) should be discussed.

Advance Rulings

Advance pricing agreement – Only a brief introduction

Unit V

Tax planning with reference to business restructuring

-Amalgamation

- Demerger

-Slump sale

-Conversion of sole proprietary concern/Partnership firm into Company

-Conversion of company into LLP

-Transfer of assets between holding and subsidiary companies