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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination – December, 2017

Program: B. Com., LL.B. (Hons.) Taxation Laws	Semester	: VII
Subject (Course): Income Tax Law and Practice	Max. Marks	: 100
Course Code : LLBL 471	Duration	: 3 Hrs
No. of page/s: 2		

Section A: 10 Marks

Question 1: Write a short note on the following: (Attempt any 2)

- i. Tax Exemption
- ii. Rule of '*ejusdem generis*'
- iii. Tax Evasion

[2*5= 10 Marks]

Section B: 20 Marks

Question 2: Answer the following in short. **Support your answers with suitable legal provision/ illustration (if any):**

- i. What is Input Tax Credit?
- ii. What are Associated Enterprises?

[2*5= 10 Marks]

Question 3: Distinguish between the following:

- i. General Anti Avoidance Rule Vs. Specific Anti Avoidance rule
- ii. Tax Planning Vs. Tax Management.

[2*5= 10 Marks]

Section C: 20 marks

Question 4: What is Double Taxation Avoidance Agreement? Discuss it with reference to the relevant provisions of the Income Tax Act, 1961.

[10 Marks]

Question 5: What is the rule of literal interpretation? Explain with help of relevant case laws.

[10 Marks]

Section D: 50 marks

Question 6: Mr. 'X' residing in Switzerland, born in New York and his grandparents were born in undivided India. Mr. X comes to India every year from December to February (90 days) from last 7 years to meet his grandparents. Determine his residential status for the A.Y. 2015-16 if he comes to India for 90 days during the P.Y. 2014-15.

[10 Marks]

Question 7: Mr. A, a Karta of Hindu Undivided Family ('HUF') is resident but not ordinarily resident in India. For the A.Y. 2015-16, the affairs of HUF, whose Karta is Mr. A, since 1970, are partly managed from Delhi and partly from Sri Lanka. Determine the residential status of HUF for the A.Y. 2015-16.

[10 Marks]

Question 8: A company has raised funds from an unconnected party through borrowings, when it could have issued equity. Would the interest be denied as an expense deduction under General Anti Avoidance Rule (GAAR) by the Indian revenue authorities? Discuss.

[10 Marks]

Question 9: A company 'A' borrowed money from a company 'B' and used that to buy shares in three 100% subsidiary companies of 'A'. Though the fair market value of the shares was Rs. Y, 'A' paid Rs. 6Y for each share. The amount received by the said subsidiary companies was transferred back to another company connected to 'B'. The said shares were sold by 'A' for Rs. Y/5 each and a short-term capital loss was claimed and this was set-off against other long-term capital gains. Can this transaction be questioned by revenue authorities using General Anti Avoidance Rule (GAAR)? Discuss.

[20 Marks]
