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Reg. No. P1 81 W 22 C 00 4 006

IV Semester M.Com. Degree Examination, September/October - 2024

## FINANCIAL ANALYSIS

## International Taxation

(CBCS Scheme)

Paper : 4.5

Time : 3 Hours

Maximum Marks : 70

## SECTION - A

Answer any Seven questions out of Ten . Each question carries Two marks. (7×2=14)

1. a) What do you mean by Tax Equity?
- b) What is meant by Timing Mismatch as per International Taxation?
- c) What is Tax Residency Certificate?
- d) What is meant by Bilateral Relief?
- e) What do you mean by Per Diem Allowance?
- f) Mention two advantages of tax consolidation returns.
- g) What is meant by Round Trip Financing?
- h) List out the different methods for determination of Arm's Length Price.
- i) Mention the components of FAR analysis.
- j) What do you mean by Anti Avoidance measures?



## SECTION - B

Answer any Four questions out of Six . Each question carries Five marks. (4×5=20)

2. Distinguish between Tax Avoidance and Tax Evasion.
3. Explain GAAR Rules and its applicability.
4. Discuss in brief benefits derived from Safe Harbour rules relating to transfer pricing regulations.
5. What is Tax Treaty? Discuss the principle objective of Indian Tax treaties.
6. X Ltd of UK holds 10% shares in Y Ltd of India. The total book value of Assets of Y Ltd is Rs. 68,95,000. X Ltd of UK has given loan to Y Ltd of Rs. 40,00,000. Examine whether X Ltd and Y Ltd are associated enterprises.

[P.T.O.]





7. Explain Resale price Method and Comparable uncontrolled price method for computation of arm's length price.

### SECTION - C

Answer any **Two** questions out of **Four**. Each question carries **Twelve** marks. **(2×12=24)**

8. Explain Economic Double taxation. What are the main components for the same?
9. Discuss in detail the tax structuring for cross border transactions.
10. Compute Arm's Length price through the following: A Ltd is a distributor of IT products; A Ltd purchases these products from its related party P Ltd, A Ltd also trades in laptops manufactured by X Ltd. P Ltd as well as X Ltd would supply the warranty replacements free of cost to A Ltd. Other details are as follows:

| Particulars                       | P Ltd.     | X Ltd.     |
|-----------------------------------|------------|------------|
| Purchase Price of A Ltd.          | Rs. 15,000 | Rs. 22,000 |
| Sale Price of A Ltd               | Rs. 18,000 | Rs. 26,000 |
| Other expenses incurred by A Ltd. | Rs. 500    | Rs. 700    |

11. What do you mean by Advance Price Agreement? Explain its types and Procedures.

### SECTION - D

12. Answer the following (Compulsory). **(1×12=12)**

Terabyte Inc. Of France and R Ltd of India are associated enterprises. R Ltd imports 6000 compressors for Air Conditioners from Terabyte Inc. at Rs. 6,700 per unit and these are sold to Refresh Cooling Solutions Ltd at a price of Rs. 10,000 per unit. R Ltd had also imported similar products from Gold Inc. Poland and Sold outside at a gross profit of 20% on sales. Terabyte Inc offered a quantity discount of Rs. 1,000 per unit. Gold Inc. could offer only Rs. 500 per unit as quantity discount. The freight and customs duty paid for imports from Gold Inc. Poland had cost R Ltd Rs. 1,200 per piece. In respect of purchase from Terabyte Inc. R Ltd had to pay Rs. 200 only as freight charges.

On the basis of the aforesaid information, you are requested to choose correct options for the following:

- a) What will be considered as arm's length price per unit?
- b) State the additional amount required to be made in the computation of R Ltd.