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| **SESSION** | **JULY -AUGUST 2024** |
| **PROGRAM** | **MASTER OF BUSINESS ADMINISTRATION (MBA)** |
| **SEMESTER** | **3** |
| **COURSE CODE & NAME** | **DFIN303 TAXATION MANAGEMENT** |
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**Assignment Set – 1**

**1. What is the meaning of business connection as explained in section 9 of the Income tax Act? Provide a few suitable examples for the same?**

**Ans 1.**

**Meaning of Business Connection as per Section 9 of the Income Tax Act**

The concept of "business connection" as explained in Section 9 of the Indian Income Tax Act serves as a critical foundation in determining the tax liability of a non-resident in India. It signifies a relationship or connection that establishes the presence of a business activity of a non-resident in India. This provision ensures that income arising from such a connection is taxable in India, even if the income originates outside the country.

**Definition and Scope of Business Connection**

According to Section 9(1)(i), a business connection refers to any relationship or arrangement

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**2. What is double taxation avoidance agreement (DTAA) ? Explain the importance of DTAA with suitable examples. Further, explain the taxability of fee for technical services (FTS) and royalty as compared to the provisions in Income tax Act with comparative table.**

**Ans 2.**

**Double Taxation Avoidance Agreement (DTAA)**

Double Taxation Avoidance Agreement (DTAA) is an important mechanism designed to mitigate the impact of double taxation on the same income earned in two countries. This is achieved through bilateral treaties between countries, ensuring equitable taxation without creating a financial burden on taxpayers.

**Concept and Importance of DTAA**

DTAA prevents a taxpayer from being taxed twice for the same income: once in the source

**3. What is a slump sale? Explain the various provisions relating to slump sale with an example? Further, explain the difference between slump sale and a demerger?**

**Ans 3.**

**Slump Sale - Meaning and Provisions**

A **slump sale** is a transaction where a business undertaking is transferred as a going concern for a lump sum consideration without assigning individual values to the assets and liabilities. This concept is covered under Section 2(42C) of the Indian Income Tax Act. It plays a critical role in restructuring businesses, mergers, and acquisitions by simplifying the transfer of undertakings.

**Meaning and Key Features**

A slump sale involves the transfer of an entire business undertaking, including assets,

**Assignment Set – 2**

**1. Explain the concept of input tax credit in GST Act in detail with examples**

**Ans 1.**

**Input Tax Credit (ITC) in GST Act**

The **Input Tax Credit (ITC)** is a cornerstone of the Goods and Services Tax (GST) framework, allowing taxpayers to offset the taxes paid on inputs against their output tax liabilities. ITC reduces the cascading effect of taxes and enhances transparency and efficiency in the tax system.

**Concept of ITC**

Under the GST regime, a registered taxpayer can claim credit for the taxes paid on goods and

**2. Explain the concept of transfer pricing and its importance. What are the different methods used for calculating the arm’s length price? Which is the popularly used method and why?**

**Ans 2.**

**Transfer Pricing and Its Importance**

Transfer pricing refers to the pricing of goods, services, and intangibles transferred between associated enterprises, both domestically and internationally. The concept is governed by specific regulations to ensure that such transactions reflect fair market values and do not result in tax evasion.

**Concept of Transfer Pricing**

Transfer pricing is significant in transactions involving multinational enterprises (MNEs), as they often engage in inter-company transactions across borders. For instance, a parent

**3. What are the procedures to be followed by a startup to claim the deduction under income tax Act? Further, explain the provisions under Chapter VIA which provides deduction for a startup Company in India?**

**Ans 3.**

**Tax Deduction Procedures for Startups under Income Tax Act**

Startups play a vital role in driving innovation and economic growth. Recognizing their importance, the Indian government provides various tax deductions and benefits under the Income Tax Act to support their growth. These provisions encourage entrepreneurship while addressing the unique challenges startups face.

**Procedures to Claim Tax Deductions**