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2884

Your Roll No. ....

M.Com./Sem. III (NC)

F

PAPER No. MN331 : Principles and Practice of Taxation  
and Indian Tax System

Time : 3 Hours

Maximum Marks : 100

*(Write your Roll No. on the top immediately  
on receipt of this question paper.)*

*Attempt all questions.*

1. Write whether following statement(s) is/are true or false, give reason(s) in support of your answer. Attempt any **ten**.

(a) Absolute amount of tax levy on a specific unit or sum of quantities is called as ad-valorem tax.

(b) Under VAT (Value Added Tax) ) system input tax credit is allowed.

(c) Relative burden of taxation increase as tax base increase in Progressive tax rate structure.

(d) Taxes based on the value of the product called as specific duty.

P.T.O.

- (e) Absolute burden of taxation remains same in proportional tax rate structure.
- (f) Presumptive taxes are good source of tax revenue for countries like India.
- (g) LTCG (Long Term Capital Gain) in India tax more heavily than STCG (short Term Capital Gain).
- (h) Excess burden of taxation increases with increase in elasticity of supply of the commodity being taxed.
- (i) Vertical equity taxation means unequal treatment of equals.
- (j) In regressive tax rate structure ATR (Average Tax Rate) increases as tax base increases.
- (k) Tax evasion is more widespread in developed nations as compared to developing nations.
- (l) Horizontal equity in taxation means equal treatment of equals.
- (m) Tax-GDP ratio is usually higher in developed nations as compared to emerging economies.
- (n) In case of Direct taxes Impact and Incidence of taxation coincides. (20)

2. Distinguish between direct taxes and indirect taxes. Also state their relative importance for an economy like India.

**OR**

What is tax evasion? How widespread is tax evasion in India? What could be the consequences of tax evasion for an economy like India? (20)

3. (a) What do you understand by Elasticity of tax system? How it is different from buoyancy of tax system. Also state their relative importance of tax system. (12)
- (b) How Statutory incidence of taxation could be different from economic incidence of taxation in case of commodity tax? Explain. (8)

**OR**

- (c) Explain progressive and proportional tax rate structure, also state their relative importance? (12)
- (d) Explain the concept of tax treaty shopping and tax havens. (8)

4. (a) Explain the concept of transfer pricing. Also state the role of Arm's length price to prevent the abuse of transfer pricing. (12)

(b) What are the challenges before the Central government of India in implementing GST? (08)

**OR**

(c) State the provisions given in the Constitution of India relating to sharing of central taxes. (12)

(d) What are various advantages and disadvantage of offering tax incentives for a country like India. (08)

5. Write notes on any **two** of the following:

(a) Excess burden of taxation.

(b) Ability to pay principle of taxation.

(c) Cost associated with taxation.

(d) Tax-GDP ratio in India. (10×2=20)