

This question paper contains 3 printed pages.]

Your Roll No. ....

2115

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**M.Com./Sem. IV**

**Paper—7142 : Principles and Practice of  
Taxation and Indian Tax System  
(Admissions of 2009 and after)**

*Time : 3 Hours*

*Maximum Marks : 70*

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

*Attempt all questions.*

*All questions carry equal marks.*

1. (a) What is the tax credit method of alleviating international double taxation? How does it differ from the tax sparing credit method? 7
- (b) What is tax treaty shopping? Explain in the context of India-Mauritius tax treaty. 7

**Or**

What have been the major reforms in the field of direct and indirect taxes post-1991? To what extent these reforms have been able to meet the objectives of tax policy for a developing country like India? Comment. 14

[P.T.O.]

2. (a) What is tax incidence? Distinguish between statutory and economic incidence. 6
- (b) Differentiate between progressive, proportional and regressive taxes. 8

*Or*

- (c) Explain the meaning and significance of tax-GDP ratio. 6
- (d) What are the reasons for low tax-GDP ratio faced by India. 8
3. What are tax incentives? Explain the various forms of tax incentives, giving examples in the Indian context. 14

*Or*

- (a) How widespread is tax evasion in India? What are its causes? 7
- (b) What are the consequences of tax evasion for an economy? 7
4. (a) Distinguish between buoyancy and elasticity of a tax system. What have been the trends in buoyancy and elasticity in India? (Give examples from All-India level studies). 7
- (b) In the context of tax efficiency, explain excess burden of taxation. 7

*Or*

- (c) What are the Constitutional provisions in India pertaining to the distribution of taxation powers between the Central and the State governments? 6

(d) What are the provisions relating to sharing of Central taxes?

Explain the main recommendations of the Twelfth Finance

Commission in this context.

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

(a) Arm's length price

(b) Benefit principle of taxation

(c) Presumptive tax

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