

Roll No.

Total No. of Pages : 03

Total No. of Questions : 17

M.Com. (Sem.-4)

**TAX PLANNING AND PERSONAL FINANCE**

Subject Code : MCOP-AF-412-18

M.Code : 77943

Date of Examination : 11-07-22

Time : 3 Hrs.

Max. Marks : 60

**INSTRUCTIONS TO CANDIDATES :**

1. SECTION-A contains EIGHT questions carrying TWO marks each and students have to attempt ALL questions.
2. SECTION-B consists of FOUR Subsections : Units-I, II, III & IV. Each Subsection contains TWO questions each carrying EIGHT marks each and students have to attempt any ONE question from each Subsection.
3. SECTION-C is COMPULSORY and consists of ONE Case Study carrying TWELVE marks.

**SECTION-A**

**Write briefly :**

- 1) Difference between Tax Evasion and Tax Avoidance.
- 2) Clubbing of Income.
- 3) Any four exempted incomes.
- 4) Deduction u/s 80 (G).
- 5) Screening and analysis of environmental factors in personal financial planning.
- 6) Discount Rate.
- 7) Govt. Bonds.
- 8) Equity Linked Savings Scheme (ELSS).

**SECTION-B**

**UNIT-I**

- 9) What do you mean by Tax Planning? Explain the objectives and methods of Tax Planning.
- 10) What are the various aspects included in the Tax Management? Explain in detail.

## UNIT-II

- 11) How is the residence of assesses determined for income tax purposes? Explain the incidence of residential status on tax liability under the Income Tax Act 1961.
- 12) Write a detailed note on carry forward and set-off losses under Income Tax Act 1961.

## UNIT-III

- 13) What is Personal Financial Planning? Explain the objectives and scope of Personal Financial Planning.
- 14) Explain in detail the Time Value of Money. How it is calculated? Also, explain the various factors affecting the time value of money.

## UNIT-IV

- 15) What do you understand by Investment Planning? Also, explain the objectives and process of Investment Planning.
- 16) Write a detail note on the following :
  - a) Fixed income plans of Mutual Funds.
  - b) Instruments of Money Market.

## SECTION-C

### 17) Case Study :

As an investment advisor, you have been approached by a client called Ramesh, who want some help in investment related matters.

Ramesh is currently 45 years old and had Rs. 6,00,000 in the Bank. He plans to work for 15 more years and will retire at the age of 60. His present salary is Rs. 4,00,000 per year and expected to increase his salary at the rate of 12 per cent per year until his retirement.

Ramesh has decided to invest his bank balance and future savings in a portfolio in which stock and bond would be equally weighted. For the sake of simplicity, assume that these proportions will be maintained by him throughout. He also believes that bonds would provide a return of 7 per cent and stock a return of 13 per cent. You concur with his assessment.

Once Ramesh retires at the age of 60. He would like to withdraw Rs. 5,00,000 per year from his investment for the following 15 years as he expects to live upto the age of 75 years. He also wants to bequeath Rs. 10,00,000 at the end of his life.

- a. How much money would he need 15 years from now?

- b. How much should Ramesh save each year for the next 15 years to be able to meet his investment objectives spelt out above? Assume that savings will occur at the end of each year.

Suppose Ramesh want to donate Rs. 2,00,000 each year in the last three years of his life to a charitable cause. Each donation would he made at, the beginning of the year.

- c. How much money would be need when he reaches at the age of 60 to meet this specific need?

Ramesh recently attended a seminar on human capital where the speaker talked about a person's human capital as the present value of his life time earnings. Ramesh is curious to find out the present value of his life time salary. For the sake of simplicity, assume that his present salary of Rs. 4,00,000 will be paid exactly one year from now and his salary will be paid in annual installment. Remember that Ramesh expects his salary to increase at a rate of 12 per cent per year until his retirement.

- d. What is the present value of his life time salary, if the discount rate is 8 percent?  
In answering the above, ignore tax factor. (4×3=12)

**NOTE : Disclosure of Identity by writing Mobile No. or Making of passing request on any page of Answer Sheet will lead to UMC against the Student.**