

Corporate Tax Planning and Management

Today we conducted the online class on zoom app from 01.00pm to 01.40pm for the students of M.Com. IV Semester of Corporate tax planning and management. The questions asked by students (with their answer given by me) are below:

1. *What is make or buy decisions?*

Answer: It is quite natural every components or part of a car cannot be manufactured by one company. Since part manufacture involves cost, time, energy, and different kinds of technology and expertise. Therefore, in such cases company purchases parts from outside agencies. But where the cost involved in purchasing from outside market is high, then the company might go in for in house production.

2. *What are the tax provisions to make or buy decisions, if Export?*

Answer: If 'Make or Buy' decision is taken for exporting goods then tax incentives available u/s 80HHC depends upon whether goods manufactured by taxpayer himself are exported or goods manufactured by others are exported by the taxpayers.

3. *What are the tax provisions to make or buy decisions for establishing a new unit?*

Answer: If the decision to manufacture a part or component involves a setting up a separate industrial unit than tax incentives available u/s 10A, 10B, 32, 80IA and 80IB should be considered.

4. *What are the advantages when assets are purchased?*

Answer: Depreciation on specified assets can be claimed as deduction u/s 32. the Assets may be purchased outrightly or may be taken on loan. Where the asset is taken on loan interest amount can either be claimed as revenue expenditure or can be capitalized. But where interest is paid after

the asset is first put us use, the deduction on account of interest shall be claimed as revenue expenditure, i.e. such interest cannot be capitalized.

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