Date- 24.04.2020

M.Com. IV Semester

Corporate Tax Planning and Management

Today we conducted the online class on zoom app from 11.30am to 12.30pm 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 SEZ?
   Answer: There are very less or no more industries in the area that is called Special Economic Zones .
2. What is the procedure to establish the limited liability partnership firms?
   Answer: A partnership form of organization is easy to establish. The only procedure for the formation of partnership is to draw up a partnership deed and a nominal charge in terms of cost of stamps for the deed is to be incurred.
3. What are the tax incentives for SEZ's?
   Answer: Special economic zones have been set up throughout the country in order to promote competitive business environments. Both developers and occupiers of SEZs enjoy substantial long-term tax holidays and concessions that are worth exploring when establishing an operation in India, although these may be phased out under the direct tax code (DTC) for SEZs that are operationalized after March 31, 2020. Presently, units in SEZs enjoy 100 percent income tax exemptions on export income for the first five years, 50 percent for the next five years thereafter, and 50 percent of the plowed back export profit for another five years.
4. What are the tax incentives for startups?
   Answer: Benefits include a tax holiday for a period of seven previous years, beginning from the year the startup is incorporated; exemption from tax on long-term capital gains; and approval to set-off carry forward losses and capital gains in case of a change in shareholding pattern. As a form of further relief, the government also provides an exemption from angel investment tax, introduced in 2012. Under this, funds from angel investors or family and friends – domestic funds that are not registered as venture capital (VC) funds – or funds which are raised from VC firms set up for the very purpose of backing such ventures, will not be taxed on their investment into a startup firm. An eligible startup under the National Startup Policy is a company that holds an eligible business certificate from the inter-ministerial board of certification under the Department of Industrial Policy and Promotion (DIPP). The company must be incorporated on or after April 1, 2016, but before April 1, 2021.

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