DIRECTORATE OF DISTANCE EDUCATION
NALSAR UNIVERSITY OF LAW, HYDERABAD

Advanced Diploma in Corporate Taxation

Academic Year: 2023-2024
Annual Examination (May, 2024)

Paper III – 1.3. Tax Implications of Corporate Financing, business restructuring and winding up (Batch:2023-2024)

Duration of the Examination: 3 hours **TOTAL MARKS: 100**

INSTRUCTIONS TO CANDIDATES

a) Read the instructions carefully and adhere to the same.
b) Please mention your DDE ID No., date of the exam, name of the programme & subject on the Answer Sheet and the Additional Answer Sheets, if any.
c) The questions to be interpreted as given and no clarification can be sought from the Invigilator.
d) Clearly indicate the question numbers while answering them. Answers without question numbers / wrong question numbers will not be evaluated.
e) Write the answers clearly and neatly. Answers in illegible handwriting will not be taken into consideration.
f) Candidates are prohibited to carry phones or any other electronic devices, books, material etc. in the Examination Hall.
g) Copying is strictly prohibited and is considered as a serious academic mis-conduct and the University will take action as it deems fit.

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1. Explain the concept of reduction of capital and also explain what purpose is served by undertaking a capital reduction.

Explain the concept of buy back of shares and also explain what purpose is served by undertaking a buy back.

Explain major differences in tax implications associated with a capital reduction and buy back.

Explain GST implication in both the transactions **(25 marks)**

2. Explain the concept of merger, the conditions specified under the Income tax Act, 1961 pertaining to Amalgamation. Also elaborate on the companies Act provisions pertaining to merger. In addition to conditions for merger, specify other income tax provisions pertaining to merger. **(25 marks)**

3. Difference between Slump Sale v. Demerger v. Itemised Sale from (i) Income Tax (ii) Companies Act (iii) GST perspective. **(25 marks)**

4. Explain in details about taxability in the hands of the entity and the shareholders/partners in case of

- **(i)** Conversion of Partnership firm into LLP
- **(ii)** Conversion of Pvt Ltd co into LLP

Kindly mention relevant propositions for taxability/non taxability, conditions, judicial precedents and the persisting controversy in this regard. **(25 marks)**