

[This question paper contains 3 printed pages.]

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Your Roll No. ....

M. Com. : SEMESTER IV

E

PAPER No. 7142

Principles and Practice of Taxation and Indian Tax  
System

Time : 3 Hours

Maximum Marks : 100

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

*Attempt all questions.*

*All questions carry equal marks.*

1. Distinguish between statutory incidence and economic incidence of a commodity tax. Also explain the economic forces which govern the distribution of the burden of commodity tax between the producer and the consumer in a competitive market. (20)

OR

- (a) Distinguish between buoyancy and elasticity of a tax system, also explain their significance for an economy. (10)

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- (b) Distinguish between horizontal equity and vertical equity in taxation. Also explain ability to pay principle of taxation in this context. (10)
2. What could be the consequences of widespread tax evasion in an economy? Also state recent policy measures to curb tax evasion in India. (20)

OR

- (a) Distinguish between the territorial approach and the worldwide approach to international taxation. Give examples of countries following either of these approaches. (10)
- (b) Distinguish between OECD model convention and UN model convention on double taxation. (10)
3. Explain the provisions in the constitution of India relating to sharing of central taxes between central and state governments. Also state the main recommendations of XIV<sup>th</sup> Finance Commission in this regard. (20)

OR

- (a) Write a note on capital gains arising from transfer of residential house (Sec. 54) (10)

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- (b) What are the various quantitative and qualitative factors affecting tax-GDP ratio of a country? (10)
4. What do you mean by tax incentives? Explain the various forms of tax incentives, giving examples in the Indian context. (20)

OR

- (a) Distinguish between direct taxes and indirect taxes and also state their relevance for equity attribute. (10)
- (b) Explain the components of operating cost of a tax system with regard to tax efficiency. (10)
5. Write notes on any **two** of the following:
- (a) Deadweight loss in Taxation.
- (b) Specific and advalorem taxes.
- (c) GST
- (d) Presumptive tax. (10×2=20)

(300)

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