



RAMA UNIVERSITY

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FACULTY OF COMMERCE AND MANAGEMENT

COURSE: B.COM VI SEM.

SUBJECT: Corporate Tax Planning

SUBJECT CODE: BCH 403

LECTURE: 32

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LECTURE-32



STRATEGIC MANAGEMENT DECISIONS – TAX IMPLICATIONS

- In business, the decisions are taken with a view of optimize returns to the stakeholders. A dominant aspect to be considered taking in view the tax consequences of the same on the bottom-line so as to share minimum profits with Government without violating any tax or any other laws in force.
- It is significant that tax consequences alone need not bind the management to take a decision and it is only a factor which influences the management decisions.
- Moreover, in case of taxes, there are both direct as well as indirect taxes and in efforts for planning implications of both category of taxes are required to be considered.
- Management decisions, which have a bearing on the bottom line are analyzed below from the point of view of income-tax implications.
 - (a) Make or Buy
 - (b) Own or Lease
 - (c) Retain or Replace
 - (d) Repair/Scrap or Return
 - (e) Export or Domestic Sale
 - (f) Shut Down or Continue
 - (g) Expand or Contract
 - (h) Demerger
 - (i) New Capital Investments
 - (j) Accounting Standards for Taxes on Income