JOURNAL OF CRITICAL REVIEWS

ISSN- 2394-5125 VOL 6, ISSUE 06, 2019

ANALYSIS BASED ON CORPORATE TAX PLANNING FOR MUTHURA GLOBAL FINANCE

Mr. T. Suresh Kumar, Assistant Professor,Department of Master of Business Administration Dhanalakshmi Srinivasan College of Engineering & Technology Chennai-603104.,sureshkumart.mba@dscet.ac.in
Mr. Antony Valen. S, Assistant Professor, Department of Master of Business Administration Dhanalakshmi Srinivasan College of Engineering & Technology Chennai-603104.,antonyvalens.mba@dscet.ac.in

ABSTRACT:

Companies Act of 1956 has been replaced by Companies Act 2016.Tax which is levied on companies whether domestic or foreign company is known as corporate tax. It does not include proprietorship and partnership business. . The study elucidates the financial position of the company with respect to the past five years. . India is the sixth largest producer of chemicals globally and third largest producer in Asia in terms of output The country ranks third globally in the production of agro chemicals and contributes around 16 per cent to the global dyestuff and dye intermediates production. The current asset was in increased trend. The common size balance sheet that Net current assets increased in 2019 & 2018 was 52.18, 2018 & 2017 was 66.58 and 2017 & 2016 was 72.04, The company's liquidity position has to increase and it will solve future problem.
KEY WORDS: Company Act, Financial Position, Global

INTRODUCTION:

Companies Act of 1956 has been replaced by Companies Act 2016.Tax which is levied on companies whether domestic or foreign company is known as corporate tax. It does not include proprietorship andpartnershipbusiness.Itisadirecttax.MinimumAlternateTax(MAT),Fringe Benefit Tax (FBT), Dividend Distribution Tax (DDT), Banking Cash Transaction Tax (BCTT), Security Transaction Tax (STT), Share Buy Back Tax, and Wealth Tax etc. Taxes on income earned from royalty and fee for technical services withholding tax are the various taxes imposed under corporate tax. Next in queue is a series of indirect tax like custom duty, excise duty, VAT, CST, Entry Tax, R&D Cess and service tax. Direct Tax code is currently pending with the government. India has entered double tax avoidance treaties with 80 countries.

Indian taxation system is divided into two types, one is Direct Taxes and other is Indirect Taxes.Talkingaboutdirecttaxes,itisleviedonthe income thatdifferenttypesofbusinessentities earn in a financial year. There are different types of taxpayers registered with Income tax department and they pay taxes at different rates. For e.g., an individual and a company being a taxpayer are not

ISSN- 2394-5125 VOL 6, ISSUE 06, 2019

taxed at the same rate. Therefore, Direct Taxes are again subdividedas:

Income Tax: - This tax is paid by the taxpayers other than companies registered under company law in India on the income earned by them. They are taxed on the basis of slabs at different rates.

CorporateTax: -This tax paidbythecompaniesregistered under companylawinIndiaonthe net profit that it makes from businesses. It is taxed at a specific rate as prescribed by the income tax act subject to the changes in the rates every year by the ITdepartment.

Corporate Tax in India: -

Domestic as well as foreign companies are liable to pay corporate tax under the Income-tax Act. While a domestic company is taxed on its universal income, a foreign company is onlytaxedon the income earned within India i.e. is being accrued or received in India.

For the purpose of calculation of taxes under Income tax act, the types of companies can be defined as under;

Domestic Company: - Domestic Company is one which is registered under the Companies Act of India and also includes the company registered in the foreign countries having control and management wholly situated in India. A domestic company includes private as well as public companies.

Foreign Company: - Foreign Company is one which is not registered under the companies actof India and has control & management located outside India.

The following rates are applicable to the domestic companies for AY 2019-20 **Based on their turnover**;

S.no	**Particulars**	**Tax Rates**
1	Gross Turnover upto Rs. 250 Crores.	25%
2	Gross Turnover exceeding Rs. 250 Crores.	30%

IN ADDITION TO ABOVE RATES;

Surcharge rate: -

S.no	**Particulars**	**Tax Rates**
1	If total income exceeds Rs. 1 crore but less then Rs. 10 Crore.	7% of tax calculated on domestic companies.

2	If total income exceeds Rs. 10 crores.	12% of tax calculated on domestic companies.

Health & Education Cess (HEC): -

Further4%ofincometaxcalculatedand applicablesurchargewillbeaddedtotheamountoftotal tax liability before thiscess.

OBJECTIVES OF THE STUDY

PRIMARY OBJECTIVE: -

- A study on understanding for the corporate tax planning inIndia.
- To identify the main factors in the organizations structure that dictate the opportunities fortax efficiencies /savings.

SECONDARY OBJECTIVE: -

- To minimize the overall income taxliability.
- To minimize the returns aftertaxes.

SCOPE OF THE STUDY

The project is pertained to the company's data available for the past five years. The conclusions are drawn from the analysis done with the ratios, comparative, common size study. The study elucidates the financial position of the company with respect to the past five years. It helps the company to place itself among various other competitive companies.

LIMITATIONS OF THE STUDY

The limitations of the study are as follows

1. The study is covered only to the past Corporate TaxPlanning
2. Some of the data has not given by the company due to maintenance of CorporateTax Planningsecrecy.
3. The period of the study is restricted to 5years.
4. So the study cannot be covered to all the areas. The financial data cannot beestimated accurately for the future period due to the financialcrisis.

ISSN- 2394-5125 VOL 6, ISSUE 06, 2019

INDUSTRY PROFILE:

Introduction

Basic chemicals and their related products (petrochemicals, fertilisers, paints, varnishes, glass, perfumes, toiletries, pharmaceuticals, etc.) constitute a significant part of the Indian economy. Among the most diversified industrial sectors, chemicals cover an array of more than 70,000 commercial products.

. India is the sixth largest producer of chemicals globally and third largest producer in Asia in terms of output The country ranks third globally in the production of agro chemicals and contributes around 16 per cent to the global dyestuff and dye intermediates production.

Key Markets and Export Destinations

Total exports of dyes and dye intermediates, organic and inorganic chemicals, including agro chemicals, cosmetics and toiletries, essential oils and castor oil, stood at US$ 19.09 billionduring the year 2018-19 and stood at US$ 11.06 billion during April-October 2019(provisional).

The US, the UAE, the UK, Bangladesh and Saudi Arabia are the leading importers of cosmetics, toiletries and essential oils.

During April-October 2019, exports of dyes increased 8.77 per cent year-on-year to US$ 1.60 billion.Duringtheperiod,exportsofessentialoilsincreased23.46percenttoUS$120.10million, cosmetics and toiletries increased 5.61 per cent to US$ 999 million and exports of castor oilstood atUS$590.50million.Exportsofinorganic,organicandagrochemicalsstoodatUS$599.28 million, US$ 5.14 billion, US$ 1.87 billion from April-October 2019.

BASIC CHEMICALS, PHARMACEUTICALS AND COSMETICS EXPORTPROMOTION COUNCIL

The promotion of product groups such as dyes and dye intermediates, basic inorganic and organic chemicals, including agro-chemicals, cosmetics, toiletries, essential oils, incense sticks, castor oil and its derivatives, is handled by the Basic Chemicals, Cosmetics & Dyes Export Promotion Council, which is popularly known as CHEMEXCIL. The Council organizes promotional events and fairs to help exporters identify potential markets abroad and providing publicity and marketing back-up.

Recent News

The chemical sector is expected to double to US$ 300 billion by 2025, clocking an annualgrowth rateof15-20per cent.Toachievethis, governmentisworkingonadraftchemicalpolicythatwill focus on meeting the rising demand for chemicals and reduceimports.

In India, chemical industry is expected to follow an accelerated growth path and is expected to double up its global share in the next decade.

ISSN- 2394-5125 VOL 6, ISSUE 06, 2019

REVIEW OF LITERATURE:

Taxation Policy has been a widely debated issue all over the world. A large number of studies have been conducted covering different aspects of income tax structure such as personal income tax, capital gains taxation, agricultural taxation, efficiency of income tax administration etc. over the years. In this chapter, the available literature was studied to get an insight into the main objectivesofthestudy.ThereviewofliteratureisconfinedtoIndiaonlyasincometaxlegalf rame work varies from country to country. Moreover, reports of important committees constituted by Government of India have also been reviewed. A brief review of relevant studies in this regard is givenbelow:

Sidhu (2003) carried out the study to ascertain the effectiveness of direct tax reforms introduced during the post liberalization period by covering the span of ten years from 1991-92 to 2000-01. He observed that direct tax reforms could not contribute positively to solve the fiscal problems of the country. The reduction in tax rates could not lead to better tax compliance. Reforms had succeeded to increase the number of assesses but failed to increase the Central Government revenue. The major share of direct taxes had come from lower income group during the period of study. Therefore, the researcher strongly recommended to review tax reform policies followed by the Government during the post-liberalization period.

Jain (2004) compared the legal provisions and various other aspects of income tax system pertaining to three developed countries namely- United Kingdom, United States of America and Australiaandthreedevelopingcountriesnamely-Malaysia,PakistanandIndia.Periodofthestudy opted was 1984-85 to 1997-98. The study revealed while the progressive tax rate structure was followed in the case of individual taxpayers in all these countries but the tax rates were found to be higher in developed countries than that of developing countries. The level of income at which the maximum marginal rate was applicable in India was very low as compared to other countries. The basic unit of assessment was individual in all the countries selected for study except United States of America, where the married person had the option to file return jointly withspouse.

Arora R.S. and Kumar (2005) attempted to study the performance of Income Tax Department on the basis of secondary data collected from various reports of Comptroller Auditor General of India during the period of 10 years from 1991-92 to 2001-02. The study revealed that number of assesses and tax revenue increased, whereas cost of collection declined during the study period. Further, number of pending assessments, outstanding refund claims and number of mistakes in assessments increased considerably. The study emphasized on improving the efficiency of Income Tax Department and suggested recruitment of tax officers, their proper training.

Torgler (2006) tried to examine the citizen's outlook towards tax compliance in India. The study

observed the impact of non-economic factors on three tax compliance variables

ISSN- 2394-5125 VOL 6, ISSUE 06, 2019

namely justificationoftaxevasion,corruptionandclaiminggovernmentbenefitswithoutjustification.The authorappliedregressiontechniqueonmicrodatatakenfromthe4thwaveofWorldValues Survey (1991-2001).Theresults indicatedthateducationnational pride,religion itandagehadapositive impact on compliance. Women and selfemployed had a higher willingness to comply tax rules. It was also observed that lower middle class had the lowest willingness to comply taxrule.

SinghandSharma(2007)madeanattempttostudytheperceptionoftaxprofessionalswithregard to Indian Income Tax System by collecting primary data from 100 tax consultants operating in Punjab and Haryana. They tried to investigate the role of tax consultants played in the revenue collection process by helping their clients in understanding the complex tax system and meeting their legal obligations. Factor Analysis of data showed that seven factors –reduction in tax evasion, extension of relief to taxpayers, incentives for dependents and honest taxpayers, broadening the tax base, e-filing of returns, adequacy of deductions and impact ofexempt-exempt tax system played an important role in determining the effectiveness of Indian tax system. It was observed that most of the tax consultants were satisfied with tax rates.

RESEARCH METHODOLOGY:

Research design:

The proposed study is of **DESCRIPTIVE IN NATURE.** Research design is needed because it facilitates the smooth sailing of the various research operations, thereby making research as efficient as possible.

SOURCE OF INFORMATION:

The researcher has collected secondary data for the study. The data was collected from sources like magazine, journals, company reports and industrial magazines (annualreports).

RESEARCH TYPE:

The research design chosen for the study by the researcher was Analytical in nature. The researcher has to use facts of information already available. The researcher has to analyze facts to make critical evaluation of the material.

TOOLS USED FOR ANALYSIS:

The following are major tools used in analysis and interpretation.

- ✓ RATIOANALYSIS
- ✓ COMMON SIZE BALANCE SHEETSTATEMENT.
- ✓ COMPARATIVE BALANCE SHEETSTATEMENT.
- ✓ TREND PERCENTAGEANALYSIS.

FINDINGS:

- ➢ The current asset was in increased trend. During the year 2017 it was1.57.
- ➢ The liquid ratio decreasing year by year that is 0.36 to 0.30 in the year 2015.
- ➢ The highest working capital ratio was increased in sales to 14.20 in the year 2016.

ISSN- 2394-5125 VOL 6, ISSUE 06, 2019

- The profitability ratio was always decreased comparing with previousyears.
- Thecashpositionratioshowsthatthehighest cashmanagementintheyear2017and2015 was increased to0.19.
- Proprietary ratio has been increased in the year of 2015to2019.
- The current liabilities constantly increased from 2015 to2019.
- The comparative balance sheet that the investments increased 228.46 from 2015 to 2019.
- The comparative balance sheet increased for the year 2017 is 78.87%
- The common size balance sheet that Net current assets increased in 2019& 2018 was 52.18, 2018 & 2017 was 66.58 and 2017& 2016 was 72.04,

SUGGESTION:

- Company may look into the measures how to reduce the loans and advances in thecoming periods.
- Company may look into maintain the current assets and current liabilities. Current liabilities may reduce coming periods.
- It is suggested to the company can strongly focus on cost reduction strategy that will makea company moreprofitability.
- The company has a bright future if it concentrates more on its working capital shortterm, investments, thus achieving the overall objectives of thecompany.
- Thus it is essential to avoid excessive liquidity but to maintain sufficient liquidity toensure smooth running of the company'soperation.
- The company has better liquidity position and has to maintain same in thefuture.

CONCLUSION:

The efficient and smooth functioning of all the activities of the company depends upon the Corporate Tax Planning of the company. The Corporate Tax Planning analysis thus is a forward- looking exercise as it is helpful in future financial planning decision making. It determine to analysis forecasting future financial position. Through financial statement analysis, the present position and operating efficiency of the firm as a whole and its different departments can be identified. Further, the reasons for change in the profitability financial position of the firm can be found and necessary measures can be taken.

Corporate Tax Planning can improve the financial strength of company. The company's liquidity position has to increase and it will solve future problem. The company is maintaining thereserves andsurplusbettersoitcanfacefinancialstress inthe future.Toproper maintainofCorporateTax Planning to achieve the companygoal.

ISSN- 2394-5125 VOL 6, ISSUE 06, 2019

INCOME STATEMENT FOR THE YEAR (2015 TO 2019) (RUPEES IN CRS)

Particulars	2015	2016	2017	2018	2019
Income:					
Sales	11454.97	11855.43	12402.62	12378.49	12158.59
(Less) Excise duty	86.66	170.13	158.00	126.08	108.77
Other income	33.85	50.48	49.94	37.13	64.62
Net Sales	**11402.16**	**11735.78**	**12294.56**	**12289.54**	**12114.64**
Expenditure:					
Cost of sales and goods	10587.98	10799.54	11188.62	11160.87	10941.89
Depreciation	12.43	14.81	18.62	21.25	25.51
Other Expenditure	416.49	492.72	657.19	756.11	800.58
Total Expenditure	**11016.90**	**11307.07**	**11864.43**	**11938.23**	**11767.98**
Profit Before Tax	**385.26**	**428.71**	**430.13**	**351.31**	**346.46**
Less Tax expense	104.90	112.76	129.98	111.36	104.08
Profit After tax	**280.36**	**315.95**	**300.15**	**239.95**	**242.38**
Balance in Profit & Loss	360.22	475.69	603.57	713.14	790.95
Profit Available For Appropriation	**640.58**	**791.64**	**903.72**	**951.18**	**1033.33**
Dividends	164.89	188.07	190.57	160.23	229.57
Appropriations	**475.69**	**603.57**	**713.14**	**790.95**	**803.76**

ISSN- 2394-5125 VOL 6, ISSUE 06, 2019

BIBLIOGRAPHY

- FINANCIALMANAGEMENT(NINTHEDITION),Author**IMPANDEY**Publishedby VIKAS publishing house Pvtltd.
- FINANCIAL MANAGEMENT (SECOND EDITION), Author **PPERIASAMY** Published by Mc Graw Hill Publishing.
- FINANCIAL SERVICE, Author **M Y KHAN**, Fifth edition Mc Graw HillPublishing.
- www.Articlebase.com
- www.wikepedia.com
- www.scribd.com
- www.FeeOnlyFinancial.net