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Courses » Engineering Economic Analysis

Announcements

Course

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# Unit 9 - UNIT-8 (Week 8)



## Course outline

How to access the portal

Unit-1 (Week 1)

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UNIT-5 (Week 5)

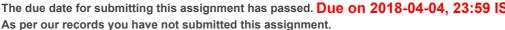
UNIT-6 (Week 6)

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# UNIT-8 (Week 8)

- O Lecture-1: Problem Solving Based on Decision Under Risk
- Lecture-2: Income Taxes: Principles and Calculation of Effective Income Tax Rates
- Lecture-3: Effect of Method of Depreciation on Income Taxes
- Lecture-4: After Tax Economic Analysis
- Lecture-5: Problem Solving Based on Income Tax Analysis
- Ouiz: Assignment 8

# **Assignment 8**



1 point

Indome taxes are assessed

- On the basis of purchase of goods/services
- As a function of value of property owned
- As a function of gross revenue minus allowable deductions
- As a function of sale of certain goods/services

No, the answer is incorrect.

Score: 0

### **Accepted Answers:**

As a function of gross revenue minus allowable deductions

While dealing with natural resources, the taxable income is calculated by

1 point

- Subtracting gross income from depletion charges
- Adding depletion charges to gross income
- Subtracting depletion charges from gross income
- None of these

No. the answer is incorrect.

Score: 0

### **Accepted Answers:**

Subtracting depletion charges from gross income

- 3) While calculating income taxes, interest earned from funds loaned by an individual or corporation is
  - Considered under allowable deduction



1 point



















Solutions of Assignment 8

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Considered an income

Not considered an income

None of these

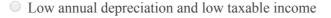
No, the answer is incorrect.

# Score: 0

Accepted Answers:

Considered an income

4) For constant effective tax rate through realized life of an asset, a shorter recovery period results into relatively



Low annual depreciation and high taxable income

High annual depreciation and high taxable income

High annual depreciation and low taxable income

## No, the answer is incorrect.

Score: 0

#### **Accepted Answers:**

High annual depreciation and low taxable income

A5company that has a 50% effective tax rate, had income of Rs. 20,00,00,000 in **1 point** each of the last 2 years. In one of those years, the company had deductions of Rs. 10,00,00,000. In the other year, the company had deductions of only Rs. 8,00,00,000. The difference in income taxes paid by the company in those 2 years was

Rs. 1,00,00,000

Rs. 2,00,00,000

Rs. 5,00,00,000

Rs. 6,00,00,000

No, the answer is incorrect.

Score: 0

# **Accepted Answers:**

Rs. 1,00,00,000

6) For Q 6 TO 8:

1 point

f 1 point in

A company buys a machine for Rupees 2,80,000 and uses it for 5 years after which it is scrapped. Allowed depreciation during first year is Rs 40000 as equipment falls into 7 year MACRS property. During first year gross income is Rs 5 Lakhs, cost incurred on goods sold is Rs 2 Lakhs and operation expenses are Rs 60000. The company pays taxes at the rate of 40% on its taxable income.

Taxable income during first year of the project is Rupees

240000

Engineering Economic Analysis - - Unit 9 - UNIT-8 (Week 8) 200000 220000 180000 f

1 pc

in No, the answer is incorrect. Score: 0 **Accepted Answers:** 200000 Tax amount to be paid during the first year is Rupees 70000 80000 60000 90000 No, the answer is incorrect. Score: 0 **Accepted Answers:** 80000 Next income of the company in first year is Rupees 1 point 100000 120000 111000 125000 No, the answer is incorrect. Score: 0 **Accepted Answers:** 120000 9) For Q 9 TO 10: 1 point

A company bought a machine for Rupees 75000 in year 0 and expects to use it for next 7 years after which it is sold for Rs 10000. Estimated gross income and expenses during first year are Rs 120000 and Rs 40000 respectively. Expenses does not include depreciation charges. Depreciation of the machine is according to MACRS 5 year propery. The income tax amount is to be calculated as per the following table.

Taxable Income	Upto 50000	Rs	50001-75000	75001-100000	100001- 335000	
Tax Rate	15%		25% of amount	34% of amount	39% amount	of

exceeding exceeding exceeding 50000 75000 lakh Taxable income during first year is Rupees 50000 65000 55000 70000 No, the answer is incorrect. Score: 0 **Accepted Answers:** 65000 1 point Tan) amount to be paid during the first year is Rupees 10000 11250 12500 11000 No, the answer is incorrect. Score: 0 **Accepted Answers:** 11250

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