* ~~Write~~ provisions first & mention presumptive income to be declared @ 8%/6%

Q2 a) Mr. A is not required to get his books of accounts audited ~~is~~ U/s 44AB for A.Y. 2019-20. Since his turnover in preceeding previous year is ₹ 1.90crore. Since he is retailer he can disclose his income under presumptive scheme ie U/s 44AD. Then he is not able to get his accounts audited.

½

Also write → what if assessee does not opt for Section 44AD, then?

b) If Mr. A is company secretary then he required to gets his accounts audited since his gross receipts exceeds ₹50 lakhs in the preceeding F.Y. First write provisions of Sec 44ADA the write answer.

½

c) If Mr. A's gross receipts were ₹48 lakhs then he has an option to show his income U/s 44ADA ie 50% of gross receipts or sum higher is his income

½

If income declared lower than 50% then?

5

b) If M/s Parvathi & Co. a partnership firm files ROI after due date ~~ie~~ because of grey areas ~~its~~ it will not eligible to take a deduction U/s ~~I~~ 80IAB.

If deduction has to be claimed U/s 80IAB then ROI has to be filed on or before due date.

Start Answer with provision first & then application of provision to given Question

If firm files return after due date ie on 10.01.20

The Income will be as under

particulars	₹
Gross Total Income	420,00,000
Tax will be 34.944%	1,46,76,480.

Show Tax, surcharge & cess seperately

Penalty U/s 234F of ₹10,000 will be there.

If firm files ROI ~~before dat~~ on or before due date then its Income will be

Particulars	₹
Gross Total Income	420,00,000
Less: Deduction u/s 80 IAB	330,00,000
Taxable Income	90,00,000
← Tax @ 31.2%	28,08,000

Show Basic Tax & Cess seperately

(Income does not exceeds ₹1crore)

No surcharge is there.

~~AMT~~ AMT for firm.

Particulars	₹
Income	90,00,000
Add: Deduction u/s 80 IAB	3,30,00,000
Adjusted Total Income	420,00,000
← Tax @ ~~₹~~ 21.5488%	90,50,496

Show Basic tax, surcharge & cess seperately.

₹4,20,00,000 is ~~to~~ deemed to be total Income of the firm since ~~AMT~~ after provision of AMT tax is ₹90,50,496.

Tax credit for AMT ?

If firm files ROI on or before due date Tax liability will be ₹ 90,50,496

If after due date Tax liability will be ₹ 1,46,76,480.

Q 3 a) ~~For clai~~ Mr. Avinash is eligible to claim exemption u/s 54G: on shifting of undertaking from Urban area to a nearby village. ~~for ₹2~~ He sold few machineries and a small building for ₹200 lakhs.

Deduction u/s. 54G will be available as per following

Relevant case law?

Present as follows:
Facts of Case
HC Observations
HC Decision
If appealled to SC then SC Observation & Decision

Particulars	₹.
Advance to land owner	10,00,000
Advance to vendor of machinery	78,00,000
Remaining amount of machineries	17,00,000
	105,00,000

When case law is asked for, such answer wont attract any marks.

Advance to landowner and vendor is allowable as exemption u/s 54G as per case of Fibre Boards (P) Ltd vs CIT.

If machinery, purchased land ~~a~~ purchased 1 year before or 2 years after the transfer of undertaking then exemption u/s 54~~E~~G can be claimed.

b) Assessee can file application ~~provi~~ for settlement provided case is pending before ~~asse~~ AO. Pending case includes Search of seized assets ~~Even though~~ Since assessment is not completed ~~to~~ then the can file application for settlement.

Case law?

Q4a) Mr. Tarkaraj a non resident has purchased shares ~~in~~ on 1.1.2008 Co ₹ 10,00,000. These shares were sold by him for ₹ 30,00,000 through recognised stock exchange. Assuming STT has not been paid the Long Term Capital Gains Tax will be there?

Since these shares ~~are~~ have been held for more than 24 months ~~u/s 112 is~~ Section 112 is applicable - since the capital gains will be 20% with indexation or 10% of LTCG without indexation.

Benefit of slab rate is not available.

If shares are held for less than 24 months then it will be treated as short term capital gains.

Provisions of section 115F applicable

? Incomplete Answer

* Also write the second scenario → i.e, if STT has been paid then what?

DATE: / /

b) For claiming depreciation of Mr. A Asset is owned by him and it has to be used for the purpose of business.

Since Mr. A is a dealer of a truck he uses trucks and provides for lease financing to customers to promote his sales. He is eligible to take depreciation at 30%.

The claim can't be denied because he is not actual owner of the vehicle because it is required under Motor vehicles Act.

The condition for claiming depreciation is that he is owner and the asset has been used for the purpose of business. As per case: it can be allowed to claim depreciation.

Case law.

Direct conclusion written

New Question New Page

QT (a) Attempt any 2 out of 3

3 i) Issues related with TDS.

a) State Bank of India paid rent to central Government. It is not required to deduct tax at source U/s 196 of Income Tax Act, 1961. Write atleast one line explaining Section 196.

b) If cameraman is a professional then television company is require to deduct tax U/s 194J, since payment exceeds ₹30,000.

If cameraman is an employee then if his income exceeds ₹2,50,000 then tax is required to be deducted U/s 192. Tax liability is ₹ 8,000/- i.e 10% of ₹80,000 → as per 194J, 1961 at the time of credit or payment whichever is earlie

c) U/s 194G of Income Tax Act, State Government will deduct tax @ 5% if amount exceeds ₹15,000. Since amount is ₹ 22,000 Tax is to be deducted @ 5%.

Tax liability is ₹ 1,100 /-

d) A Turf club has to deduct tax at source U/s 194 BB of Income Tax Act, 1961 it amount distributed to winner from winnings from lottery, crossword puzzle ~~etc~~ or winning from races etc. It amount exceeds ₹10,000. Since amount is ₹5,00,000 the tax is required to be deducted at the time of payment ie 30% of 500,000 = ₹1,50,000

iii) Q, a non resident made an application to the Authority for Advance Rulings on 2.7.2018. ~~At~~ Once Application made, application can be withdrawn before 30 days from filing of it. ie ~~before~~ on or befor 1st August 2018. He can't withdraw application on 31.08.2018.

3

However AAR may permit withdrawal if circumstances of case so justify.

b) Section 14A is applicable for exempt income. ie Exempt income is not taken for calculation of Total Income.

Case law?

For claiming deduction Income has to be included first in Gross Total Income and then deduction can be claimed in respect of that Income. ~~for~~

for exempt income it is not chargeable to tax, so it is exempt income.

Sec. 14A is applicable for expenditure incurred for exempt income ie on Dividend u/s 10(34) or Income from Mutual Funds.

These income is not chargeable to tax.

* No marks given on case laws answers because answer not written in the manner & format expected by the Institute. Refer case laws answers in Suggested Answers.