

CA / CMA FINAL

FOR MAY / JUNE 2023 EXAMS

(AS AMENDED BY FINANCE ACT 2022 FOR A.Y. 23-24 )

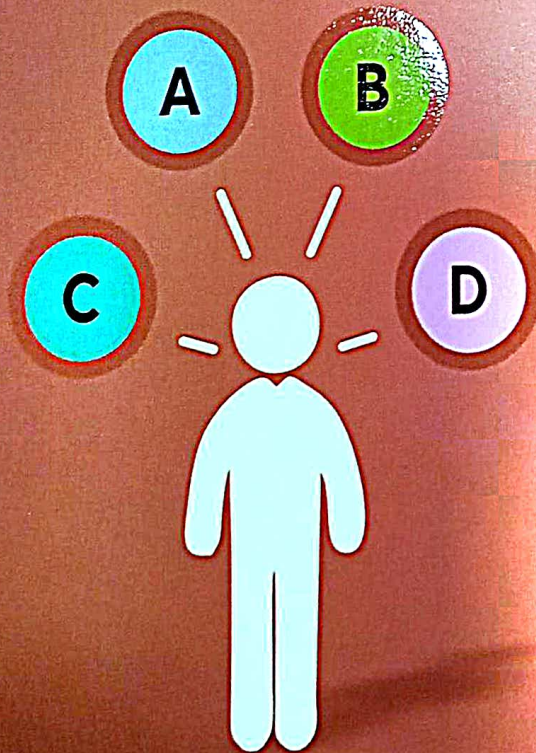
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**DIRECT TAX**

MULTIPLE CHOICE QUESTION

# MCOQ & CASE SCENARIO



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Compilation of ICAI Booklet and RTP / MTP

By CA BHANWAR BORANA

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# DIRECT TAX

## MCQ

*for CA/CMA Final*

**DIRECT  
TAX MCQ**

(for May 2023 Exams)

Amended by Finance Act, 2022

**CA Bhanwar Borana**

 *Make My Delivery*

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## Direct Taxation

By CA Bhanwar Borana

Edition : November , 2022

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# MCQ AND CASE SCENARIOS

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Que. 1

PGBP

Mr. Akash is engaged in the business of running motor cars on hire. His brother, Mr. Vikas, is a dentist. Mr. Akash and Mr. Vikas each purchased a motor car of the value of ₹ 5 lakh on 1.11.2019 for their business/profession and put the same to use immediately. The written down value of motor cars as on 1.4.2019 may be taken as ₹ 50 lakh for Mr. Akash and Nil for Mr. Vikas. What is the depreciation allowable in respect of motor cars to Mr. Akash and Mr. Vikas under section 32 for A.Y.2023-24, assuming that both of them have not opted for the special provisions of section 115BAC?

- |  |  |
|--|--|
| (a) ₹ 11,73,750 and ₹ 69,375, respectively | (b) ₹ 7,89,188 and ₹ 58,970 respectively     |
| (c) ₹ 5,67,249 and ₹ 62,475, respectively  | (d) ₹ 12,24,375 and ₹ 1,27,500, respectively |

Que. 2

PGBP

The turnover of Mr. Aarav, engaged in wholesale trading business, for the P.Y.2022-23 is ₹ 2 crore and the gross receipts of Mr. Vishal, engaged in legal profession is ₹ 50 lakhs. Mr. Aarav has been regularly following mercantile system of accounting and Mr. Vishal regularly follows cash basis of accounting. Out of the turnover of Mr. Aarav, he receives ₹ 1.20 crores through ECS through bank account during the P.Y.2022-23. He receives another ₹ 60 lakhs through ECS through bank account on or before 31.7.2023. Mr. Vishal receives ₹ 30 lakhs by account payee bank draft and ₹ 20 lakhs by crossed cheque during the P.Y.2022-23. What would be the income chargeable to tax under the head "Profits and Gains of Business and Profession", if they want to minimize their tax liability? Both of them maintain books of account as per section 44AA. Income computed as per the regular provisions of Income-tax Act, 1961 is ₹ 11,50,000 and ₹ 24,75,000 in the hands of Aarav and Vishal, respectively. However, they have not got the books of account audited and do not intend to do so in future.

- |   |   |
|---|---|
| (a) ₹ 16,00,000 and ₹ 25,00,000, respectively | (b) ₹ 13,60,000 and ₹ 25,00,000, respectively |
| (c) ₹ 11,50,000 and ₹ 24,75,000, respectively | (d) ₹ 12,40,000 and ₹ 25,00,000, respectively |

Que. 3

Capital Gains

Mr. Vishal and Mr. Guha sold their residential house property in Pune for ₹ 3 crore and ₹ 4 crore, respectively, in January, 2023. The house property was purchased by them 25 months back. The indexed cost of acquisition is ₹ 1 crore and ₹ 1.75 crore, respectively. Mr. Vishal purchased two residential flats, one in Delhi and one in Agra for ₹ 70 lakhs and ₹ 80 lakhs, respectively, in April, 2023. On the same date, Mr. Guha also purchased two residential flats, one in Mumbai and the other in Pune, for ₹ 80 lakhs and ₹ 75 lakhs, respectively. Both of them invested ₹ 30 lakhs in bonds of NHAI in March, 2023 and ₹ 30 lakhs in bonds of RECL in April, 2023. What is the income taxable under the head "Capital Gains" for A.Y.2023-24 in the hands of Mr. Vishal and Mr. Guha?

- |   |   |
|---|---|
| (a) ₹ 70 lakhs and ₹ 95 lakhs, respectively | (b) ₹ 60 lakhs and ₹ 85 lakhs, respectively |
| (c) Nil and ₹ 95 lakhs, respectively        | (d) Nil and ₹ 20 lakhs, respectively        |

Que. 4

PGBP

Mr. Hari is an interior decorator declaring profits under 44ADA in the P.Y.2022-23 and the earlier previous years. Mr. Hari has to pay brokerage of ₹ 10 lakhs to Mr. Lal, a broker, to buy a residential house, and ₹ 50 lakhs to Mr. Shyam, a contractor for reconstruction of the residential house. Are TDS provisions attracted in the hands of Mr. Hari in respect of the above transactions?

- (a) No; TDS provisions are not attracted in the hands of Mr. Hari in respect of payments to Mr. Lal and Mr. Shyam

- (b) Yes; Mr. Hari has to deduct tax from payment to Mr. Lal and Mr. Shyam
- (c) Mr. Hari doesn't have to deduct tax on payment to Mr. Lal but has to deduct tax from payment to Mr. Shyam
- (d) Mr. Hari doesn't have to deduct tax on payment to Mr. Shyam but has to deduct tax from payment to Mr. Lal

Que.

5

Exemptions

Mr. X, a foreign national and citizen of USA, working with M Inc., a US based company, came to India during the P.Y. 2022-23 for rendering services on behalf of the employer. He wishes to claim his salary income earned during his stay in India as exempt. Which of the following is not a condition to be fulfilled to claim such remuneration as exempt income under the Income-tax Act, 1961?

- (a) M Inc. should not be engaged in any trade or business in India
- (b) Mr. X should not be engaged in any trade or business in India
- (c) Mr. X's stay in India should not exceed 90 days in aggregate during the P.Y. 2022-23
- (d) Remuneration received by Mr. X should not be liable to be deducted from M Inc.'s income chargeable to tax under the Income-tax Act, 1961

Que.

6

Returns Filing

Mr. Ram, born on 1.4.1963, has a gross total income of ₹ 2,90,000 for A.Y.2023-24 comprising of his salary income. He does not claim any deduction under Chapter VI-A. He pays electricity bills of ₹ 10,000 per month. He made a visit to Melbourne along with his wife for a month in February, 2023 for which he incurred to and fro flight charges of ₹ 1.20 lakhs. The remaining expenditure for his visa, stay and sightseeing amounting to ₹ 80,000 was met by his son residing in Melbourne. Is Mr. Ram required to file return of income for A.Y.2023-24, and if so, why?

- (a) No, Ram is not required to file his return of income
- (b) Yes, Ram is required to file his return of income, since his gross total income/total income exceeds the basic exemption limit
- (c) Yes, Ram is required to file his return of income since he pays electricity bills of ₹ 10,000 per month, which exceeds the prescribed annual threshold
- (d) Yes, Ram is required to file his return of income since he has incurred foreign travel expenditure exceeding ₹ 1 lakh

Que.

7

Appeals

Mr. Rajesh is aggrieved by an order passed by the Commissioner of Income-tax imposing penalty u/s 270A for under-reporting of income. What is the appellate remedy available to him under the Income-tax Act, 1961 and the specified time limit within which he has to file an appeal?

- (a) He can file an appeal to Commissioner (Appeals) u/s 246A within 30 days from the date on which the order is communicated to him
- (b) He can file an appeal to Commissioner (Appeals) u/s 246A within 60 days from the date on which the order is communicated to him
- (c) He can file an appeal to Appellate Tribunal u/s 253 within 30 days from the date on which the order is communicated to him
- (d) He can file an appeal to Appellate Tribunal u/s 253 within 60 days from the date on which the order is communicated to him

Que. 8

Capital Gains

Ms. Aparna and Ms. Dimple, Indian citizens residing in California since the year 2011, visit India for 60 days every year. On 1.3.2023, Ms. Aparna transferred to Ms. Dimple in California, for consideration of dollar equivalent to ₹ 15 lakhs, rupee denominated bonds (issued outside India) of X Ltd., a company incorporated in India, which were acquired by her on 1.3.2021 for a price of dollar equivalent to ₹ 10 lakhs. What are the capital gains tax implications of such transfer in the hands of Ms. Aparna?

- Ms. Aparna is liable to capital gains tax on long-term capital gains arising on transfer of rupee denominated bonds; indexation benefit is not available
- Ms. Aparna is liable to capital gains tax on long-term capital gains arising on transfer of rupee denominated bonds; indexation benefit is available
- Ms. Aparna is liable to capital gains tax on short-term capital gains arising on transfer of rupee denominated bonds
- There is no capital gains tax implication in the hands of Ms. Aparna in respect of this transaction

Que. 9

TDS

Mr. Sanjay, a salaried individual, pays brokerage of ₹ 40 lakhs to Mr. Harish, a broker, on 5.1.2023 to buy a residential house. His father, Mr. Hari, a retired pensioner, makes contract payments of ₹ 15 lakhs, ₹ 25 lakhs and ₹ 12 lakhs on 28.9.2022, 3.11.2022 and 15.2.2023 to Mr. Rajeev, a contractor, for reconstruction of residential house. With respect to the above payments made by Mr. Sanjay and Mr. Hari, which of the following statements is correct?

- Neither Mr. Sanjay nor Mr. Hari is required to deduct tax at source, since they are not subject to tax audit, on account of being a salaried individual and pensioner, respectively
- Both Mr. Sanjay and Mr. Hari are required to deduct tax at source under the provisions of the Income-tax Act, even though they are not subject to tax audit
- Mr. Sanjay is required to deduct tax at source but Mr. Hari is not required to deduct tax at source
- Mr. Hari is required to deduct tax at source but Mr. Sanjay is not required to deduct tax at source

Que. 10

TDS

Mr. Rajesh and Mr. Brijesh, resident individuals, are due to receive ₹ 12 lakhs each on 1.4.2022 on maturity of life insurance policy taken on 31.3.2012 and 1.4.2012, respectively, the sum assured of which is ₹ 10 lakhs. They had paid an annual premium of ₹ 1.10 lakhs each. Are provisions of tax deduction at source attracted on maturity proceeds received by Mr. Rajesh and Mr. Brijesh?

- Yes; Tax is deductible at source on maturity proceeds receivable by both Mr. Rajesh and Mr. Brijesh, since the annual premium is more than ₹ 1,00,000, being 10% of ₹ 10 lakhs
- No; Tax is not deductible at source on maturity proceeds receivable by either Mr. Rajesh or Mr. Brijesh, since the annual premium is less than ₹ 1,20,000, being 10% of ₹ 12 lakhs
- No tax is deductible at source on maturity proceeds receivable by Mr. Rajesh. Tax is deductible at source on maturity proceeds received by Mr. Brijesh and the tax deductible at source is ₹ 12,000
- No tax is deductible at source on maturity proceeds receivable by Mr. Rajesh. Tax is deductible at source on maturity proceeds received by Mr. Brijesh and the tax deductible at source is ₹ 5,000



Que. 11

PGBP

A Inc. and B Inc., Incorporated in Country A and Country B, respectively, whose place of effective management is also in the said countries, are engaged in the business of operation of ships and aircraft, respectively. The details of receipts etc. during the P.Y.2022-23 are as follows -

Particulars	(Amt. in ₹ lakhs)	
	A Inc.	B Inc.
Amount paid/payable in Mumbai on account of carriage of passengers:		
▪ Shipped from Mumbai port to port in Country A	20	
▪ From Mumbai airport to airport in Country B		15
Amount paid/payable in Country A/B on account of carriage of passengers:		
▪ Shipped from Mumbai port to port in Country A	5	
▪ From Mumbai airport to airport in Country B		4
Amount received/deemed to be received in India on account of carriage of passengers:		
▪ Shipped from port in Country A to Mumbai port	7	
▪ From airport in Country B to Mumbai airport		8
Amount received/deemed to be received in Country A/B on account of carriage of passengers:		
▪ Shipped from port in Country A to Mumbai port	22	
▪ From airport in Country B to Mumbai airport		18
Profit (pertaining to Indian operations) computed as per books of account maintained by A Inc. and B Inc., after providing the deductions under the Income-tax Act, 1961	2.20	1.20

The profits and gains of business of A Inc. and B Inc. chargeable to tax in India under the Income-tax Act, 1961 for A.Y.2023-24 is -

- (a) ₹ 2.20 lakhs and ₹ 1.20 lakhs, respectively, provided the books of accounts are audited under section 44AB of the Income-tax Act, 1961
- (b) ₹ 1.60 lakhs and ₹ 2.025 lakhs, respectively
- (c) ₹ 2.40 lakhs and ₹ 1.35 lakhs, respectively
- (d) ₹ 2.70 lakhs and ₹ 3.375 lakhs, respectively

Que. 12

Transfer Pricing

Kaveri Ltd. is an Indian Company in which Andes Inc., a Country A company, holds 30% shareholding and voting power. During the previous year 2019-20, the Indian company supplied computers to the Country A based company @ CAD 2200 per piece. The price of computer supplied to other unrelated parties in Country A is @ CAD 2500 per piece. During the course of assessment proceedings relating to A.Y.2020-21, the Assessing Officer carried out primary adjustments and added a sum of ₹ 138 lakhs, being the difference between actual price of computer and arm's length price for 500 pieces and it was duly accepted by the assessee. The Assessing Officer passed the order, in which the primary adjustments were made, on 1.7.2022. On account of this adjustment, the excess money of ₹ 138 lakhs is available with Andes Inc, Country A. What would be the effect of this transaction while computing the total income of Kaveri Ltd. for the assessment year 2023-24, assuming that -

- (i) Kaveri Ltd. declared an income of ₹ 220 lakhs;
- (ii) the excess money is still lying with Andes Inc. till today;
- (iii) Kaveri Ltd. has not opted to pay additional income-tax on such excess money not repatriated; and
- (iv) the rate of exchange is 1 CAD = ₹ 92 and the six-month LIBOR as on 30.9.2022 is 10%. [CAD stands for Country A Dollars, which is the currency of Country A].

The correct answer is -

- (a) Interest of ₹ 13.80 lakhs would be added to the total income of Kaveri Ltd.
- (b) Interest of ₹ 13.418 lakhs would be added to the total income of Kaveri Ltd.
- (c) Interest of ₹ 10.35 lakhs would be added to the total income of Kaveri Ltd.
- (d) Interest of ₹ 8.97 lakhs would be added to the total income of Kaveri Ltd.

Que. 13

Tax Rates

During the P.Y.2022-23, Mr. Aakash has ₹ 80 lakhs of short-term capital gains taxable u/s 111A, ₹ 70 lakhs of long-term capital gains taxable u/s 112A and business income of ₹ 90 lakhs. Which of the following statements is correct?

- (a) Surcharge @ 25% is leviable on income-tax computed on total income of ₹ 2.40 crore, since the total income exceeds ₹ 2 crore
- (b) Surcharge @ 15% is leviable on income-tax computed on total income of ₹ 2.40 crore
- (c) Surcharge @ 15% is leviable in respect of income-tax computed on capital gains of ₹ 1.50 crore, since such income exceeds ₹ 1 crore but is less than ₹ 2 crore; in respect of business income of ₹ 90 lakhs, surcharge is leviable @ 25% on income-tax, since the total income exceeds ₹ 2 crore
- (d) Surcharge @ 15% is leviable in respect of income-tax computed on capital gains of ₹ 1.50 crore, since such income exceeds ₹ 1 crore but is less than ₹ 2 crore; in respect of business income of ₹ 90 lakhs, surcharge is leviable @ 10% on income-tax, since such income exceeds ₹ 50 lakhs but is less than ₹ 1 crore

Que. 14

Investment Fund

An investment fund's income for A.Y.2023-24 comprised of the following components:

- (i) Business income ₹ 5 crore; and
- (ii) Capital loss ₹ 3 crore.

All the unit holders of the investment fund have held units in the investment fund for more than 12 months. What would be the tax treatment?

- (a) Business income of ₹ 5 crore is taxable in the hands of the investment fund. The capital loss of ₹ 3 crore has to be carried forward by the investment fund
- (b) Business income of ₹ 5 crore is taxable in the hands of the unit holders. Capital loss of ₹ 3 crore can be carried forward only by the unit holders
- (c) Business income of ₹ 5 crore is taxable in the hands of the investment fund. The capital loss of ₹ 3 crore cannot be carried forward by either the investment fund or the unit holders
- (d) Business income of ₹ 5 crore is taxable in the hands of the investment fund. Capital loss of ₹ 3 crore can be carried forward only by the unit holders

Que. 15

Buyback of Shares

A Ltd., an Indian company, bought back its listed shares from its shareholders and B (P) Ltd., an Indian company, bought back its unlisted shares from its shareholders in the month of March, 2023. What are the tax consequences of such buyback in the hands of A Ltd., B (P) Ltd. and the shareholders?

- (a) Additional income-tax @ 23.296% of the distributed income is leviable in the hands of A Ltd. and B (P) Ltd.; income arising to shareholders is exempt
- (b) Income arising to shareholders from buyback is taxable in their individual hands; No distribution tax is leviable in the hands of A Ltd. and B (P) Ltd.

- (c) Additional income-tax @ 23.296% of the distributed income is leviable in the hands of A Ltd.; income arising to shareholders of B (P) Ltd. is taxable in their individual hands
- (d) Additional income-tax@23.296% of the distributed income is leviable in the hands of B (P) Ltd.; income arising to shareholders of A Ltd. is taxable in their individual hands

Que. 16

PGBP + Capital Gains

LPG, a partnership firm, is engaged in the business of manufacturing of garments. It furnishes you the following data for the year ended 31.3.2023.

Dr.		Profit & Loss Account		Cr.	
Particulars	₹	Particulars	₹		
Expenses	2,36,00,000	Gross Turnover			2,55,00,000
Interest to partners (including ₹ 1,20,000 paid to Gopal for loan given by Gopal HUF)	5,40,000				
Salary to Partners:					
Jay (₹ 30,000 p.m.)					
Gopal (₹ 28,000 p.m.)					
Madhav (₹ 16,000 p.m.)	8,88,000				
Net Profit	4,72,000				
	2,55,00,000				2,55,00,000

Other Information:

- The partners share profits and losses equally.
- During the P.Y. 2021-22, the firm had incurred a business loss of ₹ 3,00,000 and unabsorbed depreciation of ₹ 1,50,000.
- On 01.04.2022, Mr. Jayesh, a partner died and his legal heir Mr. Jay got admitted on same date. Another partner, Mr. Raj, also retired on the same date.
- Mr. Madhav is not actively engaged in conducting the affairs of the business of the firm while Mr. Jay and Mr. Gopal are actively engaged in conducting the affairs of the business.
- Interest@16% p.a. for the first time on partner's capital was paid from 01.07.2022. The clause for the same was, however, entered in the partnership deed on 01.01.2023. Salary paid to partners is authorized by the partnership deed since inception.
- Mr. Gopal relinquished his title in a land in the name of LPG for a consideration of ₹ 18 lakhs, which was duly recorded in the books of accounts of LPG on 31.10.2021. The stamp duty value of the land on that date was ₹ 20 lakhs.

From the information given above, choose the most appropriate answer to the following questions -

- (i) How much interest can the firm claim as deduction for A.Y. 2023-24?
- (a) ₹ 5,40,000 (b) ₹ 4,35,000
- (c) ₹ 2,25,000 (d) ₹ 1,05,000
- (ii) How much salary can the firm claim as deduction for A.Y.2023-24?
- (a) ₹ 10,05,000 (b) ₹ 8,88,000
- (c) ₹ 8,70,000 (d) ₹ 6,96,000
- (iii) The business loss and unabsorbed depreciation allowed to be set off while computing total income of the firm for A.Y.2023-24 are -
- (a) ₹ 3,00,000 and ₹ 1,50,000, respectively (b) ₹ 2,25,000 and ₹ 1,50,000, respectively

- (c) ₹ 1,50,000 and ₹ 1,12,500, respectively (d) ₹ 2,20,000 and ₹ 1,12,500, respectively
- (iv) What would be the total income of the firm for A.Y.2023-24?  
 (a) ₹ 6,30,250 (b) ₹ 6,04,000  
 (c) ₹ 4,12,000 (d) ₹ 5,29,000
- (v) What would be the capital gains in the hands of LPG assuming that the land acquired from Gopal was sold on 28.02.2023 for ₹ 25 lakhs to Mr. Jack, fair market value and stamp duty value on the date of transfer being ₹ 30 lakhs and ₹ 28 lakhs, respectively?  
 (a) ₹ 10,00,000 (b) ₹ 12,00,000  
 (c) ₹ 8,00,000 (d) ₹ 7,00,000

## Que. 17

## Penalties

MCS Pvt. Ltd. is a company engaged in providing consultancy and business advisory services. It provides a range of services including financial management, project advisory, business mergers, business valuations, etc. During the financial year 2022-23, it has provided various services and its gross receipts amounted to ₹ 70,00,00,000. This is the first year of their operation and the company thinks it has defaulted in certain compliances. Moreover, during the year, it received the following loans in cash from various vendors due to some business exigency:

- ₹ 25,00,000 availed from Mr. A on 15th April 2022
- ₹ 21,00,000 availed from Mr. B on 15th May 2022
- ₹ 11,00,000 availed from Mr. C on 15th June 2022

Further, MCS Pvt. Ltd. made the following loan repayments during the year:

- ₹ 8,00,000 to Mr. A on 15th July 2022 in cash
- ₹ 2,50,000 to Mr. A on 15th August 2022 through account payee cheque
- ₹ 21,00,000 to Mr. A on 15th September 2022 through RTGS
- ₹ 15,00,000 to Mr. A on 15th October 2022 through crossed cheque

MCS Pvt. Ltd. has also received an amount of ₹ 2,00,000 for services rendered to Mr. Shyam through bearer cheque. Also, he received cash of ₹ 90,000 for services rendered to Mr. Ankit. Furthermore, MCS Pvt. Ltd. does not know about the applicability of tax audit under section 44AB of the Income-tax Act, 1961.

From the information given above, choose the most appropriate answer to the following questions -

- (i) What is the amount of penalty, if any, which would be leviable on MCS Pvt. Ltd. for availing loan in cash from various vendors?  
 (a) Penalty of ₹ 25,32,000 under section 271E (b) Penalty of ₹ 25,21,000 under section 271D  
 (c) Penalty of ₹ 25,00,000 under section 271E (d) Penalty of ₹ 25,32,000 under section 271D
- (ii) What is the amount of penalty leviable on repayment of loan to Mr. A?  
 (a) Penalty of ₹ 23,000 under section 271E  
 (b) Penalty of ₹ 23,000 under section 271D  
 (c) No penalty is leviable since the repayment otherwise than by way of prescribed modes is less than ₹ 20,000  
 (d) Penalty of ₹ 44,000 under section 271E
- (iii) Has MCS Pvt. Ltd. violated any provision of the Income-tax Act, 1961, while receiving payment from Mr. Shyam and Mr. Akhil? If yes, what is the amount of penalty which MCS Pvt. Ltd. is liable to pay?  
 (a) Yes, contravention of section 269ST on receiving payment from Mr. Shyam; Penalty of ₹ 2,00,000 u/s 271DA; No contravention on receiving payment from Mr. Akhil

- (b) Yes, contravention of section 269ST on receiving payment from Mr. Shyam and Mr. Akhil & Penalty of ₹ 2,90,000 u/s 271DA
- (c) Yes, contravention of section 269SU on receiving payment from Mr. Shyam & Penalty of ₹ 2,00,000 is attracted u/s 271DB; No contravention on receiving payment from Mr. Akhil
- (d) No violation on receiving payment from either Mr. Shyam or Mr. Akhil

- (iv) What is the time limit for filing tax audit report for A.Y. 2023-24 and the amount of penalty leviable if the company does not file its tax audit report within the due date?
- (a) 30.09.2023; penalty leviable is ₹ 35,00,000 u/s 271A
- (b) 31.10.2023; penalty leviable is ₹ 35,00,000 u/s 271B
- (c) 30.09.2023; penalty leviable is ₹ 1,50,000 u/s 271B
- (d) 31.10.2023; penalty leviable is ₹ 1,50,000 u/s 271B

Que. 13

PGBP

The following are the details relating to four resident entities, AB & Co., LM & Co., PQ & Co. and XY & Co. for the P.Y. 2022-23 -

	Particulars	AB & Co. (Firm)	LM & Co. (Firm)	PQ & Co. (LLP)	XY & Co. (Firm)
1.	Nature of business/ profession	Retail trading	Business of plying, hiring or leasing goods carriages	Wholesale trading	Interior decoration
2.	System of accounting	Mercantile	Cash	Mercantile	Cash
3.	Turnover/ Gross receipts	₹ 200 lakhs	₹ 101 lakhs	₹ 100 lakhs	₹ 50 lakhs
4.	Amount received by way of RTGS/ NEFT in the P.Y. 2022-23 [included in (3) above]	₹ 150 lakhs	₹ 80 lakhs	₹ 70 lakhs	₹ 45 lakhs
5.	Amount received by way of cash in the P.Y. 2022-23 [included in (3) above]	₹ 30 lakhs	₹ 21 lakhs	₹ 10 lakhs	₹ 5 lakhs
6.	Amount received by way of RTGS/ NEFT between 1.4.2023 & 31.7.2023	₹ 20 lakhs	-	₹ 20 lakhs	-
7.	Working partners' salary	₹ 5 lakhs	₹ 1.50 lakhs	₹ 3 lakhs	₹ 5 lakhs
8.	Interest paid on capital @ 12% paid to partners	₹ 1 lakh	₹ 0.50 lakh	-	₹ 2 lakhs
9.	Profit as per books of account maintained as per section 44AA [after deducting working partners' salary and interest on capital]	₹ 5.60 lakhs	₹ 4.10 lakhs	₹ 4.50 lakhs	₹ 20 lakhs
10.	No. of vehicles owned	-	10 (See Note 2 below details)	-	-

Additional information:

- (1) It may be assumed that partners' salary and interest are authorised by the partnership deed, relates to a period after the partnership deed and is within the permissible limits laid down under section 40(b).
- (2) The details of vehicles owned by M/s. LM & Co. are as follows -

	Gross Vehicle Weight (in kgs.)	Number	Date of Purchase	Date when first put to use
1.	8,000	3	28.5.2022	1.6.2022
2.	9,000	2	31.7.2022	1.8.2022
3.	10,000	1	17.8.2022	20.8.2022

4.	11,000	1	30.9.2022	1.10.2022
5.	12,000	1	11.11.2022	13.11.2022

From the information given above, choose the most appropriate answer to the following questions -

- (i) Which of the four entities are eligible to declare income on presumptive basis under the Income-tax Act, 1961 for A.Y.2023-24?
- (a) Only AB & Co and LM & Co. (b) Only AB & Co and XY & Co.  
(c) AB & Co, PQ & Co and XY & Co. (d) AB & Co, LM & Co and XY & Co.
- (ii) What is the business income to be declared by AB & Co. and PQ & Co. for A.Y.2023-24, assuming that the entities wish to make maximum tax savings without getting their books of account audited?
- (a) ₹ 12.60 lakhs and ₹ 4.50 lakhs, respectively (b) ₹ 6.60 lakhs and ₹ 3.20 lakhs, respectively  
(c) ₹ 5.60 lakhs and ₹ 4.50 lakhs, respectively (d) ₹ 13 lakhs and ₹ 6.60 lakhs, respectively
- (iii) What is the business income to be declared by LM & Co. for A.Y.2023-24, assuming that the firm wishes to make maximum tax savings without getting its books of account audited?
- (a) ₹ 4,48,000 (b) ₹ 6,36,500  
(c) ₹ 4,36,500 (d) ₹ 4,10,000
- (iv) What is the income to be declared by XY & Co. under the head "Profits and gains of business or profession" for A.Y.2023-24, assuming that the firm wishes to make maximum tax savings, without getting its books of account audited?
- (a) ₹ 18 lakhs (b) ₹ 20 lakhs  
(c) ₹ 25 lakhs (d) ₹ 22.50 lakhs
- (v) Would your answer to questions (iii) and (iv) change, if the firms decide to get their books of accounts audited?
- (a) No, there would be no change in the answer to either questions (iii) and (iv)  
(b) Yes, there would be change in the answer to both question (iii) and (iv)  
(c) There would be a change in the answer to question (iii) but not in the answer to question (iv)  
(d) There would be a change in the answer to question (iv) but not in the answer to question (iii)

Que. 19

PGBP + Capital Gains + Other Sources

Mr. Hari, a property dealer, sold a building in the course of his business to his friend Mr. Rajesh, who is a dealer in automobile spare parts, for ₹ 100 lakh on 1.1.2023, when the stamp duty value was ₹ 120 lakh. The agreement was, however, entered into on 1.9.2022 when the stamp duty value was ₹ 110 lakh. Mr. Hari had received a down payment of ₹ 15 lakh by NEFT from Mr. Rajesh on the date of agreement. Mr. Hari has purchased the building for ₹ 50 lakh on 12.7.2021.

Mr. Hari's brother, Mr. Ravi, a retail trader, sold a residential house to Mr. Vallish, a wholesale trader for ₹ 50 lakh on 1.2.2023, when the stamp duty value was ₹ 70 lakh. The agreement was, however, entered into on 1.8.2022 when the stamp duty value was ₹ 55 lakh. Mr. Ravi had received a down payment of ₹ 5 lakh by a crossed cheque from Mr. Vallish on the date of agreement. Mr. Ravi has purchased the building for ₹ 32 lakh on 17.8.2021.

From the information given above, choose the most appropriate answer to the following questions -

- (i) What is the amount of income chargeable to tax in the hands of Mr. Hari in respect of the transaction of sale of building to Mr. Rajesh and under which head is it taxable?
- (a) ₹ 70 lakh is taxable as his business income (b) ₹ 60 lakh is taxable as his business income

- (c) ₹ 50 lakh is taxable as his business income (d) ₹ 50 lakh is taxable as short-term capital gains
- (ii) **Is any amount taxable in the hands of Mr. Rajesh in respect of the above transaction? If so, what is the amount and under which head is it taxable?**
- (a) No amount is taxable in the hands of Mr. Rajesh  
 (b) ₹ 20 lakh is taxable under the head "Income from Other Sources"  
 (c) ₹ 10 lakh is taxable under the head "Income from Other Sources"  
 (d) ₹ 10 lakh is taxable as his business income
- (iii) **What is the amount of income chargeable to tax in the hands of Mr. Ravi in respect of the transaction of sale of residential house to Mr. Vallish and under which head is it taxable?**
- (a) ₹ 18 lakh is taxable as short-term capital gains (b) ₹ 23 lakh is taxable as short-term capital gains  
 (c) ₹ 38 lakh is taxable as short-term capital gains (d) ₹ 18 lakh is taxable as his business income
- (iv) **Is any amount taxable in the hands of Mr. Vallish in respect of the above transaction? If so, what is the amount and under which head is it taxable?**
- (a) No amount is taxable in the hands of Mr. Vallish  
 (b) ₹ 20 lakh is taxable under the head "Income from Other Sources"  
 (c) ₹ 10 lakh is taxable under the head "Income from Other Sources"  
 (d) ₹ 10 lakh is taxable as his business income
- (v) **Is tax deductible by Mr. Rajesh and Mr. Vallish on making payment to the seller?**
- (a) Yes, tax is deductible at source by both Mr. Rajesh and Mr. Vallish  
 (b) No, tax is not deductible at source by either Mr. Rajesh or Mr. Vallish  
 (c) Tax is deductible at source by Mr. Rajesh but not by Mr. Vallish  
 (d) Tax is deductible at source by Mr. Vallish but not Mr. Rajesh

Que.

20

Business Trust

A business trust, registered under SEBI (Real Estate Investment Trusts) Regulations, 2014, gives particulars of its income for the P.Y.2022-23:

- |  |           |
|--|-----------|
| (1) Interest income from Z Ltd.  | ₹ 10 lakh |
| (2) Dividend income from Z Ltd.  | ₹ 5 lakh  |
| (3) Short-term capital gains on sale of listed shares (STT paid both at the time of purchase and sale) of Indian companies | ₹ 4 lakh  |
| (4) Short-term capital gains on sale of developmental properties   | ₹ 8 lakh  |
| (5) Interest received from investments in unlisted debentures of real estate companies                                     | ₹ 1 lakh  |
| (6) Rental income from directly owned real estate assets   | ₹ 20 lakh |

Z Ltd. is an Indian company in which the business trust holds 100% of the shareholding. Z Ltd. does not opt to pay tax under section 115BAA.

Assume that the business trust has distributed the entire ₹ 48 lakh to the unit holders in the P.Y. 2022-23 in the month of March, 2023. Mr. X is a resident holder holding 100 units and Mr. Y is a non-resident holder holding 500 units. The total number of units subscribed to by all unit holders is 5,000.

From the information given above, choose the most appropriate answer to the following questions -

- (i) **In respect of the component of interest income from Z Ltd. distributed by the business trust to unit-holders X and Y -**

- (a) No tax is deductible by the business trust, since such income is not taxable in the hands of unit holders
- (b) Tax is deductible @ 5% on ₹ 20,000 distributed to Mr. X and @ 5.2% on ₹ 1 lakh distributed to Mr. Y
- (c) Tax is deductible @ 10% on ₹ 20,000 distributed to Mr. X and @ 5.2% on ₹ 1 lakh distributed to Mr. Y
- (d) Tax is deductible @ 10% on ₹ 20,000 distributed to Mr. X and 10.4% on ₹ 1 lakh distributed to Mr. Y

(ii) **In respect of short-term capital gains of ₹ 4 lakh on sale of listed shares of Indian companies and ₹ 8 lakh on sale of developmental properties -**

- (a) The business trust is liable to pay tax @ 15.6% and 31.2%, respectively
- (b) The business trust is liable to pay tax @ 42.744%
- (c) The business trust enjoys pass through status and hence, it need not pay any tax on such short-term capital gains; such income is subject to tax in the hands of unit holders
- (d) The business trust is liable to pay tax @ 15.6% and 42.744%, respectively

(iii) **The dividend component of income from Z Ltd., distributed to unit-holders X and Y -**

- (a) would be subject to distribution tax in the hands of Z Ltd., hence exempt in the hands of the business trust and the unit holders
- (b) is exempt in the hands of the business trust, since the trust enjoys pass through status in respect of such income; such income is taxable in the hands of the unit holders X and Y
- (c) is taxable in the hands of the business trust; hence, exempt in the hands of the unit holders
- (d) is exempt in the hands of the business trust and in the hands of the unit holders

(iv) **If Z Ltd. exercises option under section 115BAA, then, the dividend component of income from Z Ltd., distributed to unit-holders X and Y -**

- (a) would be subject to distribution tax in the hands of Z Ltd., hence exempt in the hands of the business trust and the unit holders
- (b) is exempt in the hands of the business trust, since the trust enjoys pass through status in respect of such income; such income is taxable in the hands of X and Y
- (c) is taxable in the hands of the business trust; hence, exempt in the hands of the X and Y
- (d) is exempt in the hands of the business trust and in the hands of the unit holders X and Y

(v) **Interest received by the business trust from investments in unlisted debentures of real estate companies and distributed to unit holders would be -**

- (a) subject to tax in the hands of the unit holders
- (b) subject to tax in the hands of the business trust @ 31.2%
- (c) subject to tax in the hands of the business trust @ 42.744%
- (d) subject to tax in the hands of the business trust at the average rate of tax

(vi) **The rental component of income from real estate assets received by the business trust and distributed to its unit holders X and Y would be -**

- (a) subject to tax in the hands of the business trust @ 42.744%
- (b) subject to tax in the hands of the business trust @ 31.2%
- (c) subject to tax in the hands of the unit-holder X @ 10% (on ₹ 40,000) and Y @ the rates in force (on ₹ 2,00,000); such tax has to be deducted at source by the business trust
- (d) subject to tax in the hands of the unit-holders X and Y; business trust has to deduct tax @ 10% on ₹ 40,000 distributed to X and at the rates in force on ₹ 2,00,000 distributed to Y



## ANSWER KEYS

1. (c) ₹ 5,67,249 and ₹ 62,475, respectively
2. (d) ₹ 12,40,000 and ₹ 25,00,000 respectively
3. (c) Nil and ₹ 95 lakhs, respectively
4. (a) No; TDS provisions are not attracted in the hands of Mr. Hari in respect of payments to Mr. Lal and Mr. Shyam
5. (b) Mr. X should not be engaged in any trade or business in India
6. (b) Yes, Ram is required to file his return of income since he pays electricity bills of ₹ 10,000 per month, which exceeds the prescribed annual threshold
7. (d) He can file an appeal to Appellate Tribunal u/s 253 within 60 days from the date on which the order is communicated to him
8. (d) There is no capital gains tax implication in the hands of Ms. Aparna in respect of this transaction
9. (d) Mr. Hari is required to deduct tax at source but Mr. Sanjay is not required to deduct tax at source
10. (d) No tax is deductible at source on maturity proceeds received by Mr. Rajesh. Tax is deductible at source on maturity proceeds received by Mr. Brijesh and the tax deductible at source is ₹ 5,000
11. (c) ₹ 2.40 lakhs and ₹ 1.35 lakhs, respectively
12. (b) Interest of ₹ 13.418 lakhs would be added to the total income of Kaveri Ltd.
13. (b) Surcharge @ 15% is leviable on income-tax computed on total income of ₹ 2.40 crore
14. (b) Business income of ₹ 5 crore is taxable in the hands of the investment fund. Capital loss of ₹ 3 crore can be carried forward only by the unit holders
15. (a) Additional income-tax @ 23.296% of the distributed income is leviable in the hands of A Ltd. and B (P) Ltd.; income arising to shareholders is exempt
16. (i) (c) ₹ 2,25,000 | (iii) (b) ₹ 2,25,000 and ₹ 1,50,000, respectively  
 (ii) (d) ₹ 6,96,000 | (iv) (c) ₹ 6,04,000  
 (v) (c) ₹ 8,00,000
17. (i) (b) Penalty of ₹ 25,21,000 under section 271D  
 (ii) (a) Penalty of ₹ 23,000 under section 271E  
 (iii) (a) Yes, contravention of section 269ST on receiving payment from Mr. Shyam; Penalty of ₹ 2,00,000 under section 271DA; No contravention on receiving payment from Mr. Akhil  
 (iv) (c) 30.09.2023; penalty leviable is ₹ 1,50,000 under section 271B
18. (i) (d) AB & Co, LM & Co and XY & Co. | (iii) (c) ₹ 4,36,500  
 (ii) (a) ₹ 12.60 lakhs and ₹ 4.50 lakhs, respectively | (iv) (c) ₹ 25 lakhs  
 (v) (b) Yes, there would be change in the answer to both question (iii) and (iv)
19. (i) (c) ₹ 50 lakh is taxable as his business income | (iii) (c) ₹ 38 lakh is taxable as short-term capital gains  
 (ii) (a) No amount is taxable in the hands of Mr. Rajesh | (iv) (b) ₹ 20 lakh is taxable under the head "Income from Other Sources"  
 (v) (a) Yes, tax is deductible at source by both Mr. Rajesh and Mr. Vallish
20. (i) (c) Tax is deductible @ 10% on ₹ 20,000 distributed to Mr. X and @ 5.2% on ₹ 1 lakh distributed to Mr. Y  
 (ii) (d) The business trust is liable to pay tax @ 15.6% and 42.744%, respectively  
 (iii) (d) is exempt in the hands of the business trust and in the hands of the unit holders  
 (iv) (b) is exempt in the hands of the business trust, since the trust enjoys pass through status in respect of such income; such income is taxable in the hands of X and Y  
 (v) (c) subject to tax in the hands of the business trust @ 42.744%  
 (vi) (d) subject to tax in the hands of the unit-holders X and Y; business trust has to deduct tax @ 10% on ₹ 40,000 distributed to X and at the rates in force on ₹ 2,00,000 distributed to Y



## TEST SERIES 2

Que. 1

Penalties

Mr. Ganesh and Mr. Rajesh, resident Indians born on 1.7.1962 and 1.4.1943, respectively, have not furnished their returns of income for the P.Y.2022-23. However, the total income assessed in respect of such year under section 144 is ₹ 8 lakhs and ₹ 5 lakhs, respectively. Is penalty leviable under section 270A, and if so, what is the quantum of penalty?

- (a) No penalty is leviable under section 270A in the hands of either Mr. Ganesh or Mr. Rajesh  
 (b) Yes; ₹ 36,400 and ₹ 5,200, respectively  
 (c) Yes; ₹ 37,700 and ₹ 6,500, respectively  
 (d) Penalty of ₹ 36,400 leviable in the hands of Mr. Ganesh; No penalty leviable in the hands of Mr. Rajesh

Que. 2

NR taxation

M/s. X & Co. and M/s. Y & Co. are non-resident firms in receipt of fees for technical services of ₹ 20 lakhs each in the P.Y.2022-23 from an Indian company, A Ltd., in pursuance of an agreement with A Ltd. approved by the Central Government. M/s. X & Co. does not have any fixed place of profession in India whereas M/s. Y & Co. has a fixed place of profession in India and the contract is effectively connected with such fixed place of profession. The revenue expenditure incurred by M/s X & Co. to earn FTS is ₹ 2 lakhs. The following are the details pertaining to M/s Y & Co. -

Revenue expenditure incurred to earn FTS	₹ 3.50 lakhs
Expenditure wholly and exclusively connected with fixed place of profession in India (Out of the above amount)	₹ 3 lakhs
Amount paid by fixed place of profession to Head Office otherwise than towards reimbursement of actual expenses (not included in above amounts)	₹ 1 lakhs
Books of account maintained u/s 44AA	Yes
Books of account audited and audit report furnished with return of income	Yes

What is the tax liability in India of M/s. X & Co. and M/s. Y & Co. for P.Y.2022-23 in respect of fees for technical services?

- (a) ₹ 5,61,600 and ₹ 4,99,200  
 (b) ₹ 1,87,200 and ₹ 5,30,400  
 (c) ₹ 2,08,000 and ₹ 5,30,400  
 (d) ₹ 2,08,000 and ₹ 1,76,800

Que. 3

Transfer pricing

A Ltd., an Indian company, borrowed money from B Inc. in Country B, C Ltd. in Country C, D Inc. in Country D and E Ltd. in Country E, the details of which are given hereunder -

Lender	Amount borrowed by A Ltd.	Interest paid in the P.Y.2022-23	Is it an Associated Enterprise of A Ltd.?
B Inc.	₹ 15 crores	₹ 1.50 crores	Yes
C Ltd.	₹ 25 crores	₹ 2.50 crores	No
D Inc.	₹ 25 crores	₹ 2.50 crores	Yes
E Ltd.	₹ 15 crores	₹ 1.50 crores	No

B Inc. has provided guarantee of loan taken by A Ltd. from C Ltd. D Inc. has deposited ₹ 15 crores with E Ltd. Earnings before Interest, Tax and Depreciation of A Ltd. for A.Y.2023-24 is ₹ 10 crores. What is the interest to be disallowed under section 94B for A.Y.2023-24?

- (a) ₹ 1 crore (b) ₹ 3 crores  
(c) ₹ 4 crores (d) ₹ 5 crores

Que. 4

TDS

M Ltd. and N Ltd. are Indian companies which have to pay interest of ₹ 2 lakhs and ₹ 1 lakh outside India to Mr. P, a non-resident, during the P.Y. 2022-23 on rupee denominated bonds issued in January, 2019 and April, 2019, respectively. Which of the following statements is correct relating to liability of M Ltd. and N Ltd. to deduct tax at source on such interest payable to Mr. P?

- (a) Both M Ltd. and N Ltd. do not have to deduct tax at source on such interest  
(b) Both M Ltd. and N Ltd. have to deduct tax at source @ 5.2%  
(c) M Ltd. does not have to deduct tax at source but N Ltd. has to deduct tax at source @ 5.2%  
(d) N Ltd. does not have to deduct tax at source but M Ltd. has to deduct tax at source @ 5.2%

Que. 5

Transfer Pricing

Under which of the following cases, will arm's length price be determined by considering the median of the dataset?

Case	Most Appropriate Method	No. of entries in the dataset	Does the price at which the transaction is undertaken fall within the arm's length range beginning from the 35th percentile of the dataset and ending on the 65th percentile of the dataset?
I	CUP	5	-
II	RPM	6	Yes
III	TNMM	7	Yes
IV	Cost Plus	8	No

- (a) II and III (b) I and IV  
(c) Only IV (d) Only I

Que. 6

Appeals

Which of the following orders is not appealable before Commissioner (Appeals)?

- (a) An order of penalty under section 271B for failure to get accounts audited  
(b) An order made under section 163 treating the assessee as an agent of a non-resident  
(c) An order of assessment passed by the Assessing Officer in pursuance of directions of Dispute Resolution Panel  
(d) An order made under section 201 deeming a person to be an assessee-in-default for non-deduction of tax at source

Que. 7

Assessment Procedure

Which of the following statements are correct in relation to the power of an income-tax authority to collect information which may be useful for the purposes of the Income-tax Act, 1961?

- (i) The income-tax authority can enter the place of business of the assessee only after sunrise and before sunset.  
(ii) The income-tax authority may enter the place of business only during the hours at which such place is open for conduct of business.

- (iii) The income-tax authority may impound and retain in his custody, for a period not exceeding 15 days, books of account or other documents inspected by him. If he wishes to retain for a period exceeding 15 days, he has to take the prior approval of Principal Chief Commissioner or Chief Commissioner.
- (iv) The income-tax authority can on no account remove or cause to be removed from the building or place he has entered any books of account or other documents.

- (a) (i) and (iii) (b) (i) and (iv)  
(c) (ii) and (iii) (d) (ii) and (iv)

Que. 8

Business Trust

Mr. B has been holding 10% units in Real Estate Investment Trust, 7.5% units in Securitisation Trust and 5% units in Investment Fund for more than 15 months. The following incomes were earned by the Trust/Fund during the P.Y. 2022-23:

Particulars	Investment Fund (₹)	Real Estate Investment Trust (₹)	Securitisation Trust (₹)
Rental Income from directly held real estate property	-	10,00,000	-
Interest income from Special Purpose Vehicle	-	8,00,000	-
Profit from Business	5,00,000	-	6,00,000
Other Income (not in the nature of dividend)	2,00,000	1,00,000	-
Long-term capital loss	(12,50,000)	-	-

What would be the total income of Mr. B for P.Y. 2022-23, assuming that apart from share in above income, Mr. B had only long-term capital gains of ₹ 2,70,000?

- (a) ₹ 4,42,500 (b) ₹ 4,67,500  
(c) ₹ 4,52,500 (d) ₹ 5,05,000

Que. 9

Special tax rates

Mr. Mahesh is found to be the owner of two gold chains of 50 gms each (value of which is ₹ 1,45,000 each) during the financial year ending 31.3.2023 which are not recorded in his books of account and he could not offer satisfactory explanation for the amount spent on acquiring these gold chains. As per section 115BBE, Mr. Mahesh would be liable to pay tax of -

- (a) ₹ 1,80,960 (b) ₹ 2,26,200  
(c) ₹ 90,480 (d) ₹ 1,23,958

Que. 10

Advance Tax

Mr. Sarthak (a non-resident aged 65 years) is a retired person, earning rental income of ₹ 40,000 per month from a property located in Mumbai in the P.Y.2022-23. He is residing in Germany. Apart from rental income, he does not have any other source of income. Is he liable to pay advance tax in India? If not, why?

- (i) Yes, he is liable to pay advance tax in India  
(ii) No, he is not liable to pay advance tax in India as his tax liability in India is less than ₹ 10,000  
(iii) No, he is not liable to pay advance tax in India as he has no income chargeable under the head "Profits and gains of business or profession"  
(iv) No, he is not liable to pay advance tax, since he is of the age of 60 years or more during the P.Y. 2022-23

The correct answer is -

- (a) Only (i) (b) Only (ii)

(c) (ii) and (iii)

(d) (ii), (iii) and (iv)

Que. 11

NR Taxation

XYZ Ltd., a Foreign Institutional Investor (FII), has total income comprising of only short-term capital gains of ₹ 50 lakh on sale of listed equity shares and interest income referred under section 194LD of ₹ 15 lakh. What is the tax liability of the FII for the P.Y. 2022-23?

(a) ₹ 8,58,000

(b) ₹ 8,58,000

(c) ₹ 15,75,000

(d) ₹ 18,72,000

Que. 12

Equalisation Levy

ABC & Co. and PQR & Co. are two non-resident entities based in Country A and Country P, respectively. Both the entities own and operate an electronic facility through which they effect online sale of organic products manufactured by them. The details of their receipts from such sale during the P.Y.2022-23 are -

	ABC & Co., Country A	PQR & Co., Country P
(a) Receipts from sale of organic products to persons resident in India	₹ 138 lakhs	₹ 126 lakhs
(b) Receipts from sale of organic products to persons resident in other parts of the world	₹ 285 lakhs	₹ 377 lakhs
Out of the sum mentioned in (b), the receipts from persons using internet protocol address located in India	₹ 63 lakhs	₹ 73 lakhs

Is equalisation levy attracted in the hands of ABC & Co. and PQR & Co., assuming that both the entities do not have a permanent establishment in India?

- (a) Equalisation levy is attracted in the hands of both ABC & Co. and PQR & Co.  
 (b) No equalisation levy is attracted in the hands of either ABC & Co. and PQR & Co.  
 (c) Equalisation levy is attracted in the hands of ABC & Co. but not PQR & Co.  
 (d) Equalisation levy is attracted in the hands of PQR & Co. but not ABC & Co.

Que. 13

PGBP

M/s TPS, a partnership firm, is engaged in the trading business of electrical appliances. Its turnover for the previous year 2022-23 is ₹ 1,10,00,000. It follows mercantile system of accounting. It has received the amount of its turnover in the following manner -

Amount of turnover (₹)	Mode of Receipt
70,00,000	Account payee cheques (₹ 5,00,000 received on 30.4.2023)
10,00,000	Cash (whole amount received during the P.Y. 2022-23)
15,00,000	Crossed cheques (whole amount received during the P.Y. 2022-23)
10,00,000	RTGS (₹ 2,00,000 received on 15.5.2023)

₹ 5,00,000 is not received by the firm till the due date of filing return of income for the current previous year. The profits and gains as per the books of account maintained as per section 44AA is ₹ 6,80,000. What would be the total income of the firm for A.Y.2023-24, if it wishes to make maximum tax savings without getting its books of accounts audited?

(a) ₹ 7,34,000

(b) ₹ 6,80,000

(c) ₹ 7,20,000

(d) ₹ 6,90,000

Que. 14

NR Taxation

Mr. Ranveer, a non-resident, earned interest income of ₹ 6,20,000 during the P.Y. 2022-23 on bonds, issued by Tilt Ltd., an Indian company, under a scheme notified by the Central Government, which were purchased by him in foreign currency. Such interest is -

- (a) Not taxable (b) Taxable @ 10.4%  
(c) Taxable @ 15.6% (d) Taxable @ 20.8%

Que. 15

PBG + House Property

X Ltd. is engaged in the business of letting out of properties. As per the memorandum of association of X Ltd., letting out of properties is its main objective. The total income of X Ltd. comprises only of rental income from the business of letting out of properties. Y Ltd. is engaged in the construction and sale of properties, which is also its main objective as per its memorandum of association. Incidentally, it lets out some properties which are held as stock-in-trade and earns rental income therefrom. Which of the following statements is correct?

- (a) Rental income from letting out of properties by X Ltd. and Y Ltd. is taxable under the head "Income from house property"  
(b) Rental income from letting out of properties by X Ltd. and Y Ltd. is taxable under the head "Profits and gains of business or profession"  
(c) Rental income from letting out of properties by X Ltd. is taxable under the head "Income from house property" and by Y Ltd. is taxable under the head "Profits and gains of business or profession"  
(d) Rental income from letting out of properties by Y Ltd. is taxable under the head "Income from house property" and X Ltd. is taxable under the head "Profits and gains of business or profession"

Que. 16

Assessment Procedure + Penalties

M/s. MNO is a firm liable to tax @ 30%. The following are the particulars furnished by the firm for A.Y.2023-24:

	Amount of turnover (₹)	₹
(1)	As per the return of income furnished u/s 139(1)	40,00,000
(2)	Determined under section 143(1)(a)	50,00,000
(3)	Assessed under section 143(3)	65,00,000
(4)	Reassessed under section 147	85,00,000

Mr. N, a resident individual of the age of 58 years and a partner of the above firm, has not furnished his return of income for A.Y.2023-24. However, his total income assessed in respect of such year under section 144 is ₹ 15 lakh.

From the information given above, choose the most appropriate answer to the following questions -

- (i) M/s. MNO is deemed to have under-reported its income since its:
- income determined u/s 143(1)(a) exceeds its income declared as per return of income furnished u/s 139(1)
  - income assessed u/s 143(3) exceeds its income determined u/s 143(1)(a)
  - income reassessed u/s 147 exceeds its income assessed u/s 143(3)

The correct answer is -

- (a) 1. and 2. above (b) 1. and 3. above  
(c) 2. and 3. above (d) 1., 2. and 3. above

- (ii) Mr. N is deemed to have under-reported his income since:

1. He is a partner of a firm which has under-reported its income
2. He has not filed his return of income
3. His assessed income exceeds the maximum amount not chargeable to tax

The correct answer is -

- |                     |                         |
|---------------------|-------------------------|
| (a) 1. and 2. above | (b) 1. and 3. above     |
| (c) 2. and 3. above | (d) 1., 2. and 3. above |

(iii) Assuming that the underreporting of income is not on account of misreporting and none of the additions or disallowances made in assessment qualifies u/s 270A(6), penalty leviable on M/s. MNO u/s 270A at the time of assessment would be:

- |                |                |
|----------------|----------------|
| (a) ₹ 3,12,000 | (b) ₹ 1,56,000 |
| (c) ₹ 4,68,000 | (d) ₹ 2,34,000 |

(iv) Assuming that the underreporting of income is on account of misreporting, penalty leviable on M/s. MNO under section 270A at the time of reassessment would be:

- |                 |                |
|-----------------|----------------|
| (a) ₹ 3,12,000  | (b) ₹ 2,34,000 |
| (c) ₹ 12,48,000 | (d) ₹ 6,24,000 |

(v) Assuming that the under-reporting of income is not on account of misreporting, the under-reported income of Mr. N and penalty leviable on Mr. N u/s 270A would be:

- |   |
|---|
| (a) Under-reported income ₹ 15,00,000; penalty ₹ 2,34,000 |
| (b) Under-reported income ₹ 12,50,000; penalty ₹ 97,500   |
| (c) Under-reported income ₹ 15,00,000; penalty ₹ 1,36,500 |
| (d) Under-reported income ₹ 12,50,000; penalty ₹ 1,36,500 |

Que. 17

Investment Fund

An investment fund (Investment Fund I) incorporated in India in the form of a LLP has 35 unit holders each holding 2 units.

The particulars of income of Investment Fund I for the P.Y.2022-23 is as follows:

- |                                 |                   |
|---------------------------------|-------------------|
| (i) Business income             | - ₹ 14 lakh;      |
| (ii) Long-term capital gains    | - ₹ 21 lakhs; and |
| (iii) Income from other sources | - ₹ 7 lakhs.      |

Another investment fund (Investment Fund II) incorporated in India in the form of a company has 50 unit holders each holding 4 units. All unit holders have held the units for a period of more than a year.

The particulars of income of Investment Fund II for the P.Y.2022-23 is as follows:

- |                                 |                     |
|---------------------------------|---------------------|
| (i) Business loss               | - (₹ 10 lakh);      |
| (ii) Long-term capital losses   | - (₹ 20 lakhs); and |
| (iii) Income from other sources | - ₹ 6 lakhs.        |

From the information given above, choose the most appropriate answer to the following questions -

- (i) With respect to income of Investment Fund I for the P.Y.2022-23 -
- |  |
|--|
| (a) ₹ 42 lakhs is taxable in the hands of the investment fund  |
| (b) ₹ 1,20,000 is taxable in the hands of each unit holder   |
| (c) ₹ 21 lakh is taxable in the hands of the investment fund; ₹ 60,000 is taxable in the hands of each unit holder |
| (d) ₹ 14 lakh is taxable in the hands of the investment fund; ₹ 80,000 is taxable in the hands of each unit holder |

- (ii) What is the applicable rate of tax on the component(s) of income of Investment Fund I for the P.Y.2022-23 in the hands of Investment Fund I?
- The entire income of ₹ 42 lakhs is taxable @ 30% (plus cess @ 4%)
  - N.A., since Investment Fund I enjoys pass through status for all its income components
  - Long-term capital gains is taxable @ 20% (plus cess @ 4%) and other income @ 30% (plus cess @ 4%)
  - Business income of ₹ 14 lakhs is taxable @ 30% (plus cess @ 4%)
- (iii) With respect to income of Investment Fund II for the P.Y.2022-23-
- Income of ₹ 6 lakhs from other sources is taxable in the hands of the investment fund and losses of ₹ 30 lakh can be carried forward by the investment fund
  - Losses of ₹ 24 lakh, arrived at after set-off of business loss against income from other sources, can be carried forward by the investment fund
  - Business loss of ₹ 4 lakh can be carried forward by the investment fund; capital loss of ₹ 40,000 can be carried forward by each unit holder
  - Business loss of ₹ 10 lakh can be carried forward by the investment fund; Income of ₹ 12,000 from other sources is taxable in the hands of each unit holder and long-term capital loss of ₹ 40,000 can be carried forward by each unit holder
- (iv) If, in the P.Y.2023-24, Investment Fund II has business income of ₹ 15 lakh and long-term capital gains of ₹ 25 lakhs, then, its total income for A.Y.2024-25 would be -
- ₹ 5 lakhs
  - ₹ 10 lakhs
  - ₹ 11 lakhs
  - ₹ 36 lakhs

Que. 18

Assessment Procedure - Set off/carry forward

Mr. Ram is carrying on business of trading in furniture, the annual turnover from which is around ₹ 70 to ₹ 80 lakhs. His brother, Mr. Shyam, is carrying on business of wholesale trading in food grains and his annual turnover is around ₹ 3 crores. Mr. Shyam also exports food grains to South East Asian countries directly as well as through his associates. The following are the particulars relating to Mr. Ram and Mr. Shyam from A.Y.2019-20 to A.Y.2022-23 -

*Mr. Ram*

- Filed return of A.Y.2019-20 on 30.4.2021 in response to notice under section 148 served on 20.3.2021
- Filed return of A.Y.2020-21 on 12.9.2020
- Filed return of A.Y.2021-22 on 25.9.2021
- Filed return of A.Y.2022-23 on 30.9.2022

*Mr. Shyam*

- Filed return of A.Y.2019-20 on 30.4.2021 in response to notice under section 148 served on 9.4.2021
- Filed return of A.Y.2020-21 on 30.9.2020

Assessing Officer made a reference to the Transfer Pricing Officer on 2.4.2021 under section 92CA(1) during the course of proceeding for assessment of A.Y.2020-21 and the Transfer Pricing Officer passed an order on 4.8.2021.

- Filed return of A.Y.2021-22 on 1.10.2021
- Filed return of A.Y.2022-23 on 30.9.2022

From the information given above, choose the most appropriate answer to the following questions -

- (i) What is the time limit available to the Assessing Officer for completion of assessment of Mr. Ram and Mr. Shyam for A.Y.2019-20?
- 31.3.2022 in both cases
  - 31.3.2022 and 31.12.2022, respectively
  - 31.12.2021 and 31.3.2023, respectively
  - 31.3.2022 and 31.3.2023, respectively



- (ii) What is the time limit available to the Assessing Officer for completion of assessment by passing order under section 143 for A.Y.2020-21 for Mr. Ram and Mr. Shyam?
- (a) 30.9.2022 in both cases (b) 31.3.2022 and 31.3.2023, respectively  
(c) 30.9.2022 and 30.9.2023, respectively (d) 31.12.2022 and 31.12.2023, respectively
- (iii) What is the time limit available to the Assessing Officer for completion of assessment of Mr. Ram by passing order under section 143 for A.Y.2021-22 and A.Y.2022-23?
- (a) 31.12.2022 and 31.12.2023, respectively (b) 31.12.2022 and 31.3.2024, respectively  
(c) 31.3.2023 and 31.12.2023, respectively (d) 31.3.2023 and 31.3.2024, respectively
- (iv) Assuming that Mr. Ram and Mr. Shyam have business losses pertaining to A.Y.2022-23, can they carry forward such loss for set-off against the business income of A.Y.2023-24?
- (a) Yes, both Mr. Ram and Mr. Shyam can carry forward their business losses of A.Y.2022-23 for set-off against the business income of A.Y.2023-24  
(b) Mr. Ram can carry forward business losses of A.Y.2022-23 for set-off against his business income of A.Y.2023-24; however, Mr. Shyam cannot do so  
(c) Mr. Shyam can carry forward business losses of A.Y.2022-23 for set-off against his business income of A.Y.2023-24; however, Mr. Ram cannot do so  
(d) No, both Mr. Ram and Mr. Shyam cannot carry forward their business losses of A.Y.2022-23 for set-off against the business income of A.Y.2023-24

Que.

19

TDS + Equalisation Levy

Mr. B is an interior decorator by profession. He also delivers online lectures on interior decoration via an e-commerce platform – Indeco Academy. The relevant information from Mr. B's Indeco Academy account is given hereunder:

Date of Credit of services to account of Mr. B	Date of Payment to Mr. B	Value of Services Provided (₹)
31.05.2022	10.06.2022	2,00,000
31.10.2022	10.10.2022	1,50,000
31.03.2023	10.04.2023	1,40,000

In addition to the above, Mr. B received ₹ 20,000 on 18.02.2023 directly from a student instead of through the Indeco Academy payment portal. Mr. B has not furnished his PAN or Aadhar number to Indeco Academy but has furnished his driving license for KYC requirements.

On 05.05.2022, Mr. B provided interior decorating services to Mr. N in Mumbai having business turnover of ₹ 1.2 crores during P.Y. 2021-22 for his office premises as well as residential premises, the consideration for which was ₹ 40,000 and ₹ 60,000, respectively. Mr. B has provided his PAN details to Mr. N for invoicing purpose.

Mr. B's gross receipts from interior decoration profession (excluding fees for online lectures) from clients in India (including Mr. N) in total in the P.Y.2022-23 is ₹ 40 lakhs.

Further, ₹ 1,10,000 is payable by Mr. B to Tumble LLC – a social networking website having no office in India and ₹ 1,05,000 to Doodle Inc., USA, for giving online advertisements for the purpose of attracting foreign clients. Though Doodle Inc., USA, has an office in India, the said office is involved in providing designing services and nothing in relation to online advertisements. Fortunately, Mr. B got one client based in Country A (with which India does not have a DTAA) from whom he received ₹ 3,50,000 as net income after deduction of ₹ 50,000 as foreign tax.

Profits of Mr. B computed as per books of account maintained under section 44AA is ₹ 24 lakhs. He has, however, not got his books of account audited.

From the information given above, choose the most appropriate answer to the following questions -

- (i) Is Indeco Academy required to deduct tax at source on amount received/receivable by Mr. B? If so, what is the amount of tax to be deducted?
- (a) No tax is required to be deducted at source      (b) Yes; ₹ 5,100  
(c) Yes; ₹ 25,500      (d) Yes; ₹ 1,02,000
- 
- (ii) Is Mr. N required to deduct tax at source under section 194J? If so, what is the amount of tax to be deducted?
- (a) No tax is required to be deducted at source u/s 194J  
(b) Yes; ₹ 1,000  
(c) Yes; ₹ 4,000  
(d) Yes; ₹ 10,000
- 
- (iii) Is Mr. N required to deduct tax at source under section 194M? If so, what is the amount of tax to be deducted?
- (a) No tax is required to be deducted at source u/s 194M  
(b) Yes; ₹ 600  
(c) Yes; ₹ 1,200  
(d) Yes; ₹ 3,000
- 
- (iv) Is Mr. B required to deduct equalisation levy on the amounts payable to Tumble LLC or Doodle Inc.? If so, what is the amount of levy to be deducted?
- (a) No; there is no requirement to deduct equalisation levy from the amount payable to either Tumble LLC or Doodle Inc.  
(b) Yes; ₹ 6,600 to be deducted on the amount payable to Tumble LLC; No deduction is, however, required on the amount payable to Doodle Inc.  
(c) Yes; ₹ 6,300 to be deducted on amount payable to Doodle Inc; No deduction is required on the amount payable to Tumble LLC.  
(d) Yes; ₹ 6,600 to be deducted on the amount payable to Tumble LLC and ₹ 6,300 to be deducted on the amount payable to Doodle Inc.
- 
- (v) What is Mr. B's gross income-tax liability for the P.Y.2022-23, assuming that he does not exercise option u/s 115BAC?
- (a) ₹ 5,70,960      (b) ₹ 4,91,400  
(c) ₹ 5,08,560      (d) ₹ 5,53,800

Que. 20

Transfer Pricing

On 1.4.2022, UI Ltd., an Indian company, borrowed ₹ 50 crores @ 9.5% p.a. from M Inc., a US entity, thereby increasing its total borrowings to ₹ 65 crores. The said loan is guaranteed by H Inc., another US entity. The place of effective management of both M Inc. and H Inc. is in the USA. The total assets of UI Ltd. is ₹ 180 crores.

UI Ltd. imported turbo equipment worth ₹ 30 crores from H Inc. Import duty of ₹ 4.50 crores on the same was paid by UI Ltd. The equipment was sold to T Ltd. for ₹ 40 crores. Normal GP margin of UI Ltd. in similar uncontrolled transaction is 20%.

Net profit of UI Ltd. of A.Y.2023-24 was ₹ 8 crores after debiting interest of ₹ 6 crores (out of which ₹ 1.25 crores interest pertaining to local borrowings), depreciation of ₹ 2.5 crores and income tax of ₹ 1.5 crores.

From the information given above, choose the most appropriate answer to the following questions -

- (i) What is the amount of interest to be allowed in the computation of total income of UI Ltd. for A.Y. 2023-24, if for A.Y. 2022-23 there was an interest expenditure disallowed to the extent of ₹ 4 crores under section 94B?
- (a) ₹ 6,65,00,000 (b) ₹ 4,75,00,000  
(c) ₹ 6,00,00,000 (d) ₹ 3,65,00,000
- (ii) The transfer pricing adjustment for the arm's length purchase price to be made in the computation of total income of UI Ltd. for A.Y. 2023-24 would be -
- (a) ₹ 3,00,00,000  
(b) ₹ 2,50,00,000  
(c) ₹ 2,00,00,000  
(d) No adjustment is required, since transfer pricing adjustment cannot result in reduction of income
- (iii) If UI Ltd. repatriated the excess money on 31.03.2024, what will be the interest income that would be added to its total income of A.Y. 2024-25, if SBI's one-year marginal of lending rate is 11.25% on 1.4.2023 and 10.25% on 1.4.2023? Assume that UI Ltd. *suo motu* made the primary adjustment in its books of account and filed its return for A.Y.2023-24 on 30.11.2023.
- (a) ₹ 12,01,712 (b) ₹ 11,18,836  
(c) ₹ 9,32,363 (d) ₹ 8,49,486
- (iv) If UI Ltd. decides not to repatriate the excess money and instead, pay additional income-tax on the entire excess money, then, what would be the additional income-tax payable?
- (a) ₹ 62,89,920 (b) ₹ 52,41,600  
(c) ₹ 41,93,280 (d) ₹ 53,87,200
- (v) If UI Ltd. decides to pay additional income-tax on the entire excess money on 15.03.2024, should interest be calculated and added to its total income of A.Y.2024-25? If so, what is the amount to be added? Assume that SBI one-year marginal cost of lending rate is 11.25% on 1.4.2023 and 10.25% on 1.4.2024 -
- (a) No, since it has paid additional income-tax on the entire excess money in the P.Y.2023-24  
(b) Yes; ₹ 9,70,890  
(c) Yes; ₹ 10,42,808  
(d) Yes; ₹ 8,09,075
- (vi) In addition to the facts given in the case scenario, assuming that -
- on 23.08.2022, UI Ltd. has entered into an agreement for sale of turbo equipment with Y Ltd., an Indian company not related to UI Ltd;
  - Y Ltd. had already entered into an agreement on 21.8.2022 for the sale of the same goods to K Inc. (unrelated to Y Ltd.), a UK entity whose place of effective management is also in the UK; and
  - UI Ltd. holds shares carrying 28% voting power in K Inc.
- Which of the following are associated enterprise/deemed associated enterprise of UI Ltd.?
- (a) H Inc. and K Inc. (b) M Inc. and K Inc.  
(c) H Inc., K Inc. and Y Ltd. (d) M Inc., H Inc. and K Inc.

## ANSWER KEYS

1. (d) Penalty of ₹ 36,400 leviable in the hands of Mr. Ganesh; No penalty leviable in the hands of Mr. Rajesh
2. (c) ₹ 2,08,000 and ₹ 5,30,400
3. (d) ₹ 5 crores
4. (c) M Ltd. does not have to deduct tax at source but N Ltd. has to deduct tax at source@5.2%
5. (c) Only IV
6. (c) An order of assessment passed by the Assessing Officer in pursuance of directions of Dispute Resolution Panel
7. (d) (ii) and (iv)
8. (a) ₹ 4,42,500
9. (b) ₹ 2,26,200
10. (b) Only (ii)
11. (a) ₹ 8,58,000
12. (c) Equalisation levy is attracted in the hands of ABC & Co. but not PQR & Co.
13. (c) ₹ 7,20,000
14. (d) Taxable @10.4%
15. (d) Rental income from letting out of properties by Y Ltd. is taxable under the head "Income from house property" and X Ltd. is taxable under the head "Profits and gains of business or profession"
16. (i) (c) (2) and (3) above | (iii) (d) ₹ 2,34,000  
(ii) (c) (2) and (3) above | (iv) (c) ₹ 12,48,000  
(v) (d) Under-reported income ₹ 12,50,000; penalty ₹ 1,36,500
17. (i) (d) ₹ 14 lakh is taxable in the hands of the investment fund; ₹ 80,000 is taxable in the hands of each unit holder  
(ii) (d) Business income of ₹ 14 lakhs is taxable@30% (plus cess@4%)  
(iii) (c) Business loss of ₹ 4 lakh can be carried forward by the investment fund; capital loss of ₹ 40,000 can be carried forward by each unit holder  
(iv) (c) ₹ 11 lakh
18. (i) (d) 31.3.2022 and 31.3.2023, respectively | (iii) (c) 31.3.2023 and 31.12.2023, respectively  
(ii) (c) 31.3.2022 and 31.3.2023, respectively  
(iv) (c) Mr. Shyam can carry forward business losses of A.Y.2022-23 for set-off against his business income of A.Y.2023-24; however, Mr. Ram cannot do so
19. (i) (c) Yes; ₹ 25,500 | (iii) (a) No tax is required to be deducted at source u/s 194M  
(ii) (c) Yes; ₹ 4,000  
(iv) (a) ₹ 6,600 to be deducted on the amount payable to Tumble LLC and ₹ 6,300 to be deducted on the amount payable to Doodle Inc.  
(v) (a) ₹ 5,70,960
20. (i) (a) ₹ 6,65,00,000 | (iv) (b) ₹ 52,41,600  
(ii) (b) ₹ 2,50,00,000 | (v) (c) Yes; ₹ 10,42,808  
(iii) (a) ₹ 12,01,712 | (vi) (c) H Inc., K Inc. and Y Ltd.

■ ■ ■

## TEST SERIES 3

Que. 1

PGBP

PQ Ltd. is a company having two units - Unit P carries on specified business of setting up and operating warehousing facility for storage of agricultural produce and Unit Q carries on business of setting up and operating warehousing facility for storage of edible oil. Unit P commenced operations on 1.4.2021 and claimed deduction of ₹ 120 lakhs incurred in April, 2021 on purchase of two buildings for ₹ 70 lakhs and ₹ 50 lakhs (for operating warehousing facility for storage of agricultural produce) under section 35AD for A.Y.2022-23. However, in March, 2023, Unit P transferred its building costing ₹ 70 lakhs to Unit Q. What are the tax implications of such transfer in the hands of PQ Ltd.?

- (i) ₹ 70 lakhs would be deemed as business income in the hands of PQ Ltd. for A.Y.2023-24.
- (ii) ₹ 63 lakhs would be deemed as business income in the hands of PQ Ltd. for A.Y.2023-24.
- (iii) Actual cost of building for computing depreciation for P.Y.2022-23 would be ₹ 70 lakhs.
- (iv) Actual cost of building for computing depreciation for P.Y.2022-23 would be ₹ 63 lakhs.

Which of the above statements are correct?

- (a) (i) and (iii) above
- (b) (i) and (iv) above
- (c) (ii) and (iii) above
- (d) (ii) and (iv) above

Que. 2

Deductions

XYZ Ltd. engaged in the business of manufacture of steel, claimed deduction under section 80-IB on the profits and gains of business, which included transport subsidy, interest subsidy and power subsidy received from the Government and duty drawback receipts. XYZ Ltd. contended that all the above receipts are profits derived from the business of the industrial undertaking and are hence, eligible for deduction under section 80-IB. Is the contention of XYZ Ltd. correct?

- (a) Yes; transport subsidy, interest subsidy, power subsidy and duty drawback are profits derived from the business of the industrial undertaking and hence, eligible for deduction u/s 80-IB
- (b) No; none of the above receipts can be treated as profits "derived" from the business of the industrial undertaking and hence, deduction u/s 80-IB cannot be claimed in respect of any such receipt
- (c) No; transport subsidy, interest subsidy and power subsidy received from Government are profits derived from the business of the industrial undertaking and hence, eligible for deduction u/s 80-IB. However, duty drawbacks belong to the category of ancillary profits and hence, deduction u/s 80-IB cannot be claimed in respect of such receipt
- (d) No; transport subsidy, interest subsidy and power subsidy received from Government are ancillary profits and hence, deduction u/s 80-IB cannot be claimed in respect of such receipts. However, duty drawbacks are profits derived from the business of the industrial undertaking and hence, deduction u/s 80-IB can be claimed in respect of such receipt

Que. 3

Business Trust

A REIT has distributed ₹ 2 crore to its unitholders, which comprises of -

- (i) Rental income from real estate property directly held by it ₹ 80 lakhs
- (ii) Interest income from special purpose vehicle ₹ 50 lakhs
- (iii) Dividend income from special purpose vehicle ₹ 40 lakhs
- (iv) Capital gains on disposal of assets ₹ 30 lakhs