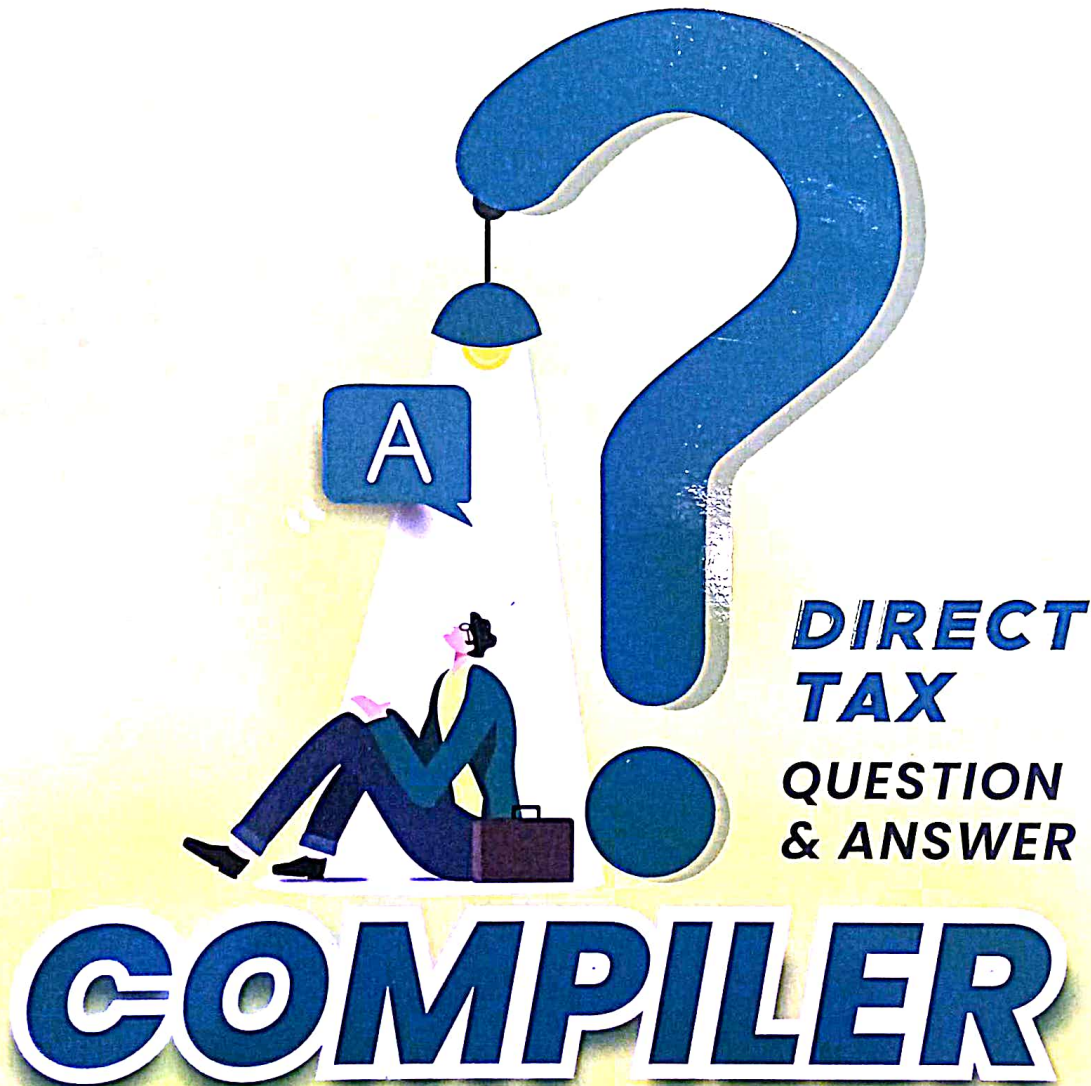


CA / CMA - INTER

MAY / JUNE & NOV / DEC - 2023 EXAMS

(AS AMENDED BY FINANCE ACT 2022)



**DIRECT
TAX**

**QUESTION
& ANSWER**

COMPILER

As Per New Syllabus

A Compilation of more than 400+ Past Year Exam & RTP / MTP Questions
By CA BHANWAR BORANA

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Basic Concepts & General Tax Rates

Question 1

Mr. X has a total income of ₹ 12,00,000 comprising of his salary income and interest on fixed deposit. Compute his tax liability for AY 2023-24 assuming his age is—

- (a) 45 years
- (b) 63 years
- (c) 82 days

Assume that Mr. X has not opted for the provisions of section 115BAC.

Question 2

Compute the tax liability of Mr. A (aged 42), having total income of ₹ 51 lakhs for the Assessment Year 2023-24. Assume that his total income comprises of "Salary income", "Income under the head house property" and "Interest from Saving Bank Account". Assume that Mr. A has not opted for the provisions of section 115BAC.

Question 3

- (a) Compute the tax liability of Mr. A (aged 42), having total income of ₹ 1,01,00,000 for the Assessment Year 2023-24. Assume that his total income comprises of "Salary income", "Income under the head house property" and "Interest from fixed deposit Account". Assume that Mr. A has not opted for the provisions of section 115BAC.
- (b) Suppose Total income of Mr. A is ₹ 2,01,00,000 Compute tax liability.
- (c) Suppose Total income of Mr. A is ₹ 5,01,00,000 Compute tax liability.
- (d) Suppose Total income of Mr. A is ₹ 51,75,000 Compute tax liability.

Question 4

Compute the marginal relief available to X Ltd., a domestic company, assuming that the total income of X Ltd. is ₹ 1,01,00,000 for A.Y. 2023-24 and the total income does not include any income in the nature of capital gains.

[Note - The gross receipts of X Ltd. for the P.Y.2020-21 is ₹ 470 crore]

Question 5

Compute the marginal relief available to Y Ltd., a domestic company, assuming that the total income of Y Ltd. for A.Y. 2023-24 is ₹ 10,01,00,000 and the total income does not include any income in the nature of capital gains.

[Note - The gross receipts of Y Ltd. for the P.Y.2020-21 is ₹ 490 crore]

Question 6

- (a) Mr. Raghav aged 26 years, has a total income of ₹ 4,40,000, comprising his salary income and interest on bank fixed deposit. Compute his tax liability for A.Y. 2023-24.
- (b) Mr. Dinesh aged 35 years and a resident in India, has a total income of ₹ 4,30,000 comprising of long term capital gains taxable under section 112. Compute his tax liability for A.Y. 2023-24.

Question 7

State any four instances where the income of the previous year is assessable in the previous year itself instead of the assessment year.

Solution

The income of an assessee for a previous year is charged to income-tax in the assessment year following the previous year. However, in a few cases, the income is taxed in the previous year in which it is earned. These exceptions have been made to protect the interests of revenue. The exceptions are as follows:

- (i) Where a ship, belonging to or chartered by a non-resident, carries passengers, livestock, mail or goods shipped at a port in India, the ship is allowed to leave the port only when the tax has been paid or satisfactory arrangement has been made for payment thereof, 7.5% of the freight paid or payable to the owner or the charterer or to any person on his behalf, whether in India or outside India on account of such carriage is deemed to be his income which is charged to tax in the same year in which it is earned.
- (ii) Where it appears to the Assessing Officer that any individual may leave India during the current assessment year or shortly after its expiry and he has no present intention of returning to India, the total income of such individual for the period from the expiry of the respective previous year up to the probable date of his departure from India is chargeable to tax in that assessment year.
- (iii) If an AOP/BOI etc. is formed or established for a particular event or purpose and the Assessing Officer apprehends that the AOP/BOI is likely to be dissolved in the same year or in the next year, he can make assessment of the income up to the date of dissolution as income of the relevant assessment year.
- (iv) During the current assessment year, if it appears to the Assessing Officer that a person is likely to charge, sell, transfer, dispose of or otherwise part with any of his assets to avoid payment of any liability under this Act, the total income of such person for the period from the expiry of the previous year to the date, when the Assessing Officer commences proceedings under this section is chargeable to tax in that assessment year.
- (v) Where any business or profession is discontinued in any assessment year, the income of the period from the expiry of the previous year up to the date of such discontinuance may, at the discretion of the Assessing Officer, be charged to tax in that assessment year.

Question 8

Who is an "Assessee"?

Solution

As per section 2(7), assessee means a person by whom any tax or any other sum of money is payable under the Income-tax Act, 1961.

In addition, the term includes -

- Every person in respect of whom any proceeding under the Act has been taken for the assessment of -
 - his income; or
 - the income of any other person in respect of which he is assessable; or

- the loss sustained by him or by such other person; or
 - the amount of refund due to him or to such other person.
- Every person who is deemed to be an assessee under any provision of the Act;
 - Every person who is deemed to be an assessee in default under any provision of the Act.

Question 9

Mr. Agarwal aged 40 years and a resident in India, has a total income of ₹ 4,50,00,000, comprising long term capital gain taxable under section 112 of ₹ 55,00,000, short term capital gain taxable under section 111A of ₹ 65,00,000 and other income of ₹ 3,30,00,000. Compute his tax liability for A.Y.2023-24. Assume that Mr. Kashyap has not opted for the provisions of section 115BAC.

Solution**Computation of tax liability of Mr. Agarwal for the A.Y.2023-24**

Particulars	₹
<u>Tax on total income of ₹ 4,50,00,000</u>	
Tax@20% on LTCG of ₹ 55,00,000	11,00,000
Tax@15% STCG 111A of ₹ 65,00,000	9,75,000
Tax on other income of ₹ 3,30,00,000	
₹ 2,50,000 – ₹ 5,00,000 @5%	12,500
₹ 5,00,000 – ₹ 10,00,000 @20%	1,00,000
₹ 10,00,000 – ₹ 3,30,00,000 @30%	96,00,000
	1,17,87,500
Add: Surcharge @15% on ₹ 20,75,000	3,11,250
@25% on ₹ 97,12,500	24,28,125
	1,45,26,875
Add: Health and education cess @4%	5,81,075
Tax Liability	1,51,07,950

Question 10

Mr. Sharma aged 62 years and a resident in India, has a total income of ₹ 2,30,00,000, comprising long term capital gain taxable under section 112 of ₹ 52,00,000, short term capital gain taxable under section 111A of ₹ 64,00,000 and other income of ₹ 1,14,00,000. Compute his tax liability for A.Y.2023-24. Assume that Mr. Sharma has not opted for the provisions of section 115BAC.

Solution**Computation of tax liability of Mr. Sharma for the A.Y.2023-24**

Particulars	₹
<u>Tax on total income of ₹ 2,30,00,000</u>	
Tax @ 20% of ₹ 52,00,000	10,40,000
Tax @ 15% of ₹ 64,00,000	9,60,000