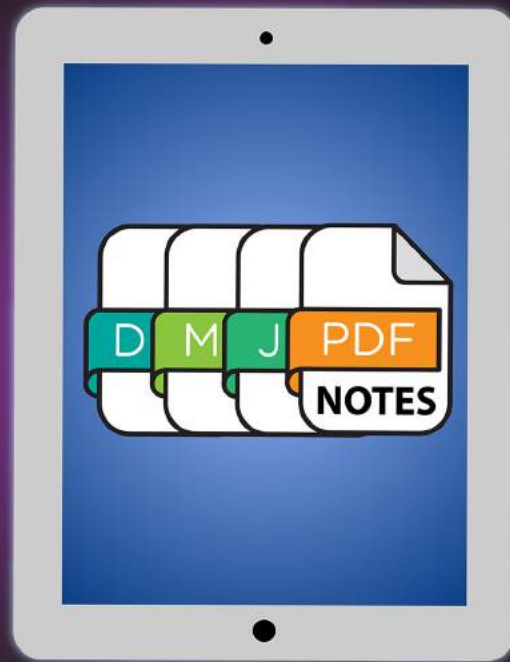




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Paper-4A

Illustrations:

Illustration 1

Mr. A, a dealer in shares, received the following without consideration during the P.Y. 2020-21 from his friend Mr. B, -

- Cash gift of Rs.75,000 on his anniversary, 15th April, 2020.
- Bullion, the fair market value of which was Rs.60,000, on his birthday, 19th June, 2020.
- A plot of land at Faridabad on 1st July, 2020, the stamp value of which is Rs.5 lakh on that date. Mr. B had purchased the land in April 2009.

Illustration 2

Discuss the taxability or otherwise of the following in the hands of the recipient under section 56(2)(x) the Income-tax Act, 1961 -

- Akhil HUF received Rs.75,000 in cash from niece of Akhil (i.e., daughter of Akhil's sister). Akhil is the Karta of the HUF.
- Nitisha, a member of her father's HUF, transferred a house property to the HUF without consideration. The stamp duty value of the house property is Rs.9,00,000.
- Mr. Akshat received 100 shares of A Ltd. from his friend as a gift on occasion of his 25th marriage anniversary. The fair market value on that date was Rs.100 per share. He also received jewellery worth Rs.45,000 (FMV) from his nephew on the same day.
- Kishan HUF gifted a car to son of Karta for achieving good marks in XII board examination. The fair market value of the car is Rs. 5,25,000.

Illustration 3

Mr. Hari, a property dealer, sold a building in the course of his business to his friend Rajesh, who is a dealer in automobile spare parts, for Rs. 90 lakhs on 1.1.2021, when the stamp duty value was Rs.150 lakh.

The agreement was, however, entered into on 1.9.2020 when the stamp duty value was Rs.140 lakh. Mr. Hari had received a down payment of Rs.15 lakh by a crossed cheque from Rajesh on the date of agreement.

Income from Other sources

Discuss the tax implications in the hands of Hari and Rajesh, assuming that Mr. Hari has purchased the building for Rs.75 lakh on 12th July 2019.

Would your answer be different if Hari was a share broker instead of a property dealer?

Illustration 4

Compute taxable income under the head Income from other sources of Mrs. X from the following data:

Particulars	Amount
Private tuition fee received	10,000
Winning from lottery	2,000
Award from KBC (a TV show) [Gross]	3,20,000
Pension from employer of deceased husband	25,000
Interest on bank deposit	25,000
Director's fee (Gross)	5,000
Letting out of vacant land	25,000
Remuneration for checking the examination copy of employer's school	10,000
Remuneration for checking the examination copy of C.A 10,000	5,000
Income tax refund	
Interest on income tax refund	100
Composite rent (related expenditures are Rs. 5,000)	10,000
Income tax paid	2,000
Payment made for personal expenses	18,000
Payment made to LIC as premium	2,000

Illustration 5

Shri Anil follows **Cash basis of accounting** and has furnished the Receipts & Payment A/c of previous year 2020-21 for computing his income:

Particulars	Receipts (₹)	Payments (₹)
Interest on listed debenture of A Ltd.	16,200	

Income from Other sources

Letting of building & machinery @ Rs.15,000 p.m. under a composite lease	1,50,000	
Collection charges		1,000
Repairs		5,000
Capital repairs		16,000
Interest paid outside India without deducting tax on loan taken for construction of building		8,000
Gift from father	6,000	
Ground rent received (related to financial year 2019-20)	600	

The following additional information are also provided –

- Allowable depreciation on Building and Machinery – Rs.4,000
- Fire Insurance on Building and Machinery (not paid) - Rs.1,000.

Illustration 6

Examine whether the following are chargeable to tax and the amount liable to tax.

- Sum of Rs.1,20,000 was received as gift from a non-relative by Raj on the occasion of his son's marriage Praveen.
- Interest on enhanced compensation of Rs.96,000 received on 12th March 2021, for acquisition of urban land. Of which 40% relates to PY 2019-20.

Illustration 7

Examine the following transactions in the context of Income-tax Act, 1961:

- Mr. B transferred 500 shares of R (P) Ltd. to M/s. B Co. (P) Ltd. on 10.10.2020 for Rs. 3,00,000 when the market price was Rs.5,00,000. The indexed cost of acquisition of shares for Mr. B was computed at Rs. 4,45,000. The transfer was not subjected to securities transaction tax. Determine the income chargeable to tax in the hands of Mr. B and M/s. B Co. (P) Ltd. because of the above said transaction.
- Mr. Chezian is employed in a company with taxable salary income of Rs. 5,00,000. He received a cash gift of Rs.1,00,000 from Atma Charitable Trust (registered

under section 12AB) in December 2020 for meeting his medical expenses. Is the cash gift so received from the trust chargeable to tax in the hands of Mr. Chezian?

- Mrs. Hemali celebrated her daughter's wedding on 21.2.2021, her friend assigned in Mrs. Hemali's favour, a fixed deposit held by the said friend in a scheduled bank; the value of the fixed deposit and the accrued interest on the said date was Rs. 52,000. Is it Taxable in the hands of Mrs. Hemali?

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