



The Institute of Chartered Accountants of India

Code: IN4IL419078
Subject: 04A Income Tax Law

Total Marks: 42
Marks Obtained : 29.5

Number of Answer Books used : Main + ... additional sheets

For use by ICAI only

419078



29 JAN 2021

Q.No.	To be ticked (✓) by the candidate against the Questions answered	Marks Awarded (To be filled by Examiner)					Total
		a	b	c	d	e	
1	✓						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
Total							

ICAI



Use only Blue / Black Ball Point Pen to write and shade the circles.
AVOID RED PEN.
Write the marks in the boxes before shading the respective circles.

Total Marks awarded

0	0
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9

Total Marks awarded (in words)

Examiner's Signature



The Institute of Chartered Accountants of India

Code: IN4IL419078
Subject: 04A Income Tax Law

Total Marks: 42
Marks Obtained : 29.5

INSTRUCTIONS TO THE CANDIDATE

Answers are not to be written on this page

1. Roll number should be written in figures and words in the allotted space at the right hand corner of the cover sheet only and nowhere else including additional answer book/s and graph paper.
2. Roll number should be written in the box in numbers and darken the appropriate circles of the OMR portion provided in the right hand corner of the cover page with **Black / Blue** ball point pen.
3. Fill particulars such as name of Examination, Paper No. and subject at the appropriate space at the left hand upper corner.
4. Remove the Bar Code sticker of the particular paper from the Attendance sheet and affix the same on the box provided in the right hand corner of the cover page.
5. Since a machine will read the Roll no., please check and ensure that Roll number written in numbers, words and circles darkened are correct. In case any candidate fills this information wrongly, Institute will not take any responsibility for rectifying the mistake.
6. The answers should be written neatly and legibly.
7. The answer to each question must be commenced on a fresh page and question number prominently written at the top of each answer. Alternatively, the question number should be distinctly written in the margin.
8. The answer to each question in all parts should be fully completed in one page or in a consecutive set of pages, before the next question is taken up.
9. The candidates are required to write answers of Section A in the answer booklet with the marking (A) on the cover page and answers of Section B in the answer booklet with the marking (B) on the cover page. In case a candidate writes the answers in wrong set of answer books the same will not be valued and no correspondence in this regard will be entertained.
10. Writing of Roll number in place/s other than the space provided for the purpose or writing distinguishing mark, symbols like "OM", "Sri", "Jesus", "786", etc., will tantamount to adoption of "unfair means".
11. Before submission of answer book to the invigilator take care to score out (X) blank pages, if any, that you might have left.



The Institute of Chartered Accountants of India

Code: IN4IL419078
Subject: 04A Income Tax Law

Total Marks: 42
Marks Obtained: 29.5

3



Ans. (36)

Computation of Total Income

Particulars		Amount
Total Non-Resident Ext Account	3,55,000	
with SBI as per PRI	(3,55,000)	Nil
Exempt (WN2)		
on Savings bank with SBI		8,000
on FD with PNB		40,000
		48,000
<u>Gross Total Income</u>		
<u>deductions under Chapter VI-A</u>		
<u>80TTA:-</u> Total savings (WN2)		(8,000)
		40,000



The Institute of Chartered Accountants of India

Code: IN4IL419078
Subject: 04A Income Tax Law

Total Marks: 42
Marks Obtained: 29.5

4

(1) ☐ ~~80~~
Fut on NRE AC maintained by a resident with the permission of RBI is exempt.
So, here, exempted.

(2) ☐ 80TTA + ~~yes~~ Individual / HUF.
→ Fut on savings ~~of~~ from banks deducted upto ₹10,000/-
So, here, ₹8,000 E = 80TTA

→ Total Income of Mr. Kaur before giving effect to VI-A &
₹42,000 / ₹42,000 / ₹42,000 / ₹42,000
= 42,000
8,000
46,000

Since, it doesn't exceed basic exemption limit ₹2,50,000/-

2 3bStep1 So he is not liable to file return of income U/s 139.

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE



The Institute of Chartered Accountants of India

Code: IN4IL419078
Subject: 04A Income Tax Law

Total Marks: 42
Marks Obtained: 29.5

5



DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE

2

3bStep2

however,
→ Every person whose ~~total~~
expenditure or aggregate
expenditure on foreign country
of himself or any other
person exceeds ₹ 2,00,000/-
in a financial year.

→ for travel to a foreign country

→ either himself or any other person.

He is compulsorily required

to file his return u/s 139,

So in case Mr. Hari, had
incurred ₹ 4,00,000 for travel
expenses of his daughter in
law.

4

3b

which exceeds ₹ 2,00,000/-, he will
be liable to file return

DO NOT WRITE ANYTHING HERE



The Institute of Chartered Accountants of India

Code: IN4IL419078
Subject: 04A Income Tax Law

Total Marks: 42
Marks Obtained: 29.5

6

Ans. (30)

Total Income
Mr. Rajesh
Total income of Mr. Rajesh (Non Resident)
AY 2020-21

<u>Income from Salary</u>	
→ Salary from Axis Ltd. Mumbai [45,000 p.m. × 8 months 20 days]	~~2,94,000~~ 2,55,000
→ Salary Received in Mumbai [90,000 × 3]	2,70,000
<u>Gross Salary</u>	5,25,000
less:- Standard deduction	(50,000)
<u>Taxable Salary</u>	(A) 4,75,000
<u>Income from O/S</u>	
Int on FD	10,500
Int on Savings	7,500
	(B) 18,000
<u>Gross Total Income</u>	4,93,000
less:- ~~the reduction under~~ <u>Section 80C</u>	

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE



The Institute of Chartered Accountants of India

Code: IN4IL419078
Subject: 04A Income Tax Law

Total Marks: 42
Marks Obtained: 29.5

7

Barcode

200+ ₹5L premium	(25000)
80 PPA + LRS savings	(7,500)
Corporate Income	4,60,500

3.5 3aStep2

→ ~~After~~ individual is said to be resident in India if he fulfills one of the following conditions:

- (i) 182 or more days stay in India in the previous year
- (ii) 60 days or more in the PY and 365 days or more in 4 years immediately preceding PY.

However, an Indian citizen going outside of India for employment purpose has to stay for 182 days or more (only (i) condition is available) to be resident.



The Institute of Chartered Accountants of India

Code: IN4IL419078
Subject: 04A Income Tax Law

Total Marks: 42
Marks Obtained: 29.5

8

~~Since~~
Stay of Mr. Rajesh = $30 + 31 + 30 + 31 + 31 + 26 = 181 \text{ days}$

Since, less than 181 days
going outside India for
employment purpose,
So, Mr. Rajesh = Non-Resident

→ A non-resident is chargeable in India for:

- Income received or deemed to be received in India. and
- Income accrue or arise or deemed to accrue arise in India.

→ Since, Mr. Rajesh's salary is received in India (₹79,000) is taxable in India.

3aStep1

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE



The Institute of Chartered Accountants of India

Code: IN4IL419078
Subject: 04A Income Tax Law

Total Marks: 42
Marks Obtained: 29.5

9

is available to every individual (HUF) for interest on savings in RPY. upto ₹18,000/-

So, Allowed to him ~~₹18,000~~ ₹18,000 BDTTA.

3aStep3

4.5 3a

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE



The Institute of Chartered Accountants of India

Code: IN4IL419078
Subject: 04A Income Tax Law

Total Marks: 42
Marks Obtained: 29.5

10



Ans (3c)

→ Correct + Income deemed to accrue or arise in India to a non-resident for int, royalty & fees for technical services is taxable in India irrespective of territorial nexus, whether or not +

→ the non-resident has a fixed place of business or residence in India. and

2 3cStep1

2 3c → the services are rendered in India.

So, any income by way of royalty, int, fees & technical services, shall be taxable in India, ~~irrespective~~ whether or not rendered in India ~~or~~ and whether or not fixed place of business in India.

10.5 Q3



The Institute of Chartered Accountants of India

Code: IN4IL419078
Subject: 04A Income Tax Law

Total Marks: 42
Marks Obtained: 29.5

11



Ans (2a)

(i) • Any interest ~~other~~ other than interest on securities payable a bank, post office or co-operative society shall be liable to TDS if amount exceeds ₹4300 to any resident.
@ 10%.

• Where the bank has adopted CBS, total payment by all branches is to be taken into account.

So here, total interest =
$$= 3,00,000 \times 9\% \times 9 \times 3$$
$$= 7,290 \quad 60,750 \text{ ₹}$$

Since, amount exceeds ₹4300,
TDS deducted @ 10%.

$$\text{TDS} = 60,750 \times 10\% = 6,075 \text{ ₹}$$



2aStep1



The Institute of Chartered Accountants of India

Code: IN4IL419078
Subject: 04A Income Tax Law

Total Marks: 42
Marks Obtained: 29.5

12

(2a) (2a) (2a)

(ii) Any interest payable on securities shall be liable to TDS +

- if exceeds ₹12,000 in case of certain bonds
- exceeds ₹5,000 in case of deb. int. paid by public co. by a/c payee
- no limit for other cases.

@ 10%

So, here, no limit will be there.
2 TDS will be @ 10%

Amount = $(209,000 \times 6.5\%)$
= 13,585

TDS @ 10% = 13,585

Amount = $3,03,000 \times 7\%$
= 21,210

TDS @ 10% = 21,210

total = $13,585 + 21,210$
= 34,795

2aStep2



The Institute of Chartered Accountants of India

Code: IN4IL419078
Subject: 04A Income Tax Law

Total Marks: 42
Marks Obtained: 29.5

13



~~(2a)~~ ~~(2a)~~ (2a)

(iii) Not paid by other than securities shall ~~be~~ not ~~be~~ be liable for

TDS if the payer ^{individual/HUF} ~~is~~ not liable u/s 44AB,
ie., his turnover ~~is~~ doesn't

exceeds ₹1 Crore, or, gross receipts doesn't exceeds ₹10 lakhs,

So not a liable for TDS.

→ ~~Here, Mr. Harinder, is~~
~~not liable for TDS~~

→ But here, M/s A.C. Pvt. Ltd. company is not liable for tax audit u/s 44AB, so TDS will be deducted @ 10%.

$$\text{Amount} = 79,000 \times 10\% \\ = \boxed{7,900 \text{ ₹}}$$



The Institute of Chartered Accountants of India

Code: IN4IL419078
Subject: 04A Income Tax Law

Total Marks: 42
Marks Obtained: 29.5

14

(10.) ~~Amount~~ (2a) (2a) (2a)

Since, the annual premium payable by Mr. Prathakara ~~exceeds~~ exceeds 10% of the min. sum assured.

So, income ~~for~~ will be taxable.

~~the~~ Policy taken after 1/4/12, 10% of assured sum

Since, the amount received exceeds ₹1,03,000,

So, TDC will be deducted @ 5% of income computed

$$\begin{aligned} \text{TDC} &= 5\% \times [6,03,000 - (1,43,000 \times 4)] \\ &= \frac{5 \times 43,000}{100} \\ &= 2,000 \end{aligned}$$

at the time of payment

2aStep4

2a



The Institute of Chartered Accountants of India

Code: IN4IL419078
Subject: 04A Income Tax Law

Total Marks: 42
Marks Obtained: 29.5

15



(1A) Ans (1)

Total income of
Mr. Krishna
A.Y. 2020-21

<u>Income from PGBP</u>		5,64,44,700
☐	Donation	20,000
☐	Int. Paid for E-vehicle	1,67,000
☐		
☐	Reward income	(4,00,000)
☐	Scientific Research (4,00,000 x 30%)	(24,000)
☐	Bad Debt Recovered	(3,00,000)
☐	AS Being Deleted	(70,000)
☐	Ret. on car (12,00,000 x 30%)	(3,60,000)
☐		
☐	<u>Income from other sources</u>	
☐	<u>1 Step 1</u>	
☐	<u>1 Step 2</u>	
☐	<u>LTCL</u>	50,00,000
☐	<u>Section 54B</u> [1,00,00,000 - 25,00,000]	75,00,000
☐		Nil



The Institute of Chartered Accountants of India

Code: IN4IL419078
Subject: 04A Income Tax Law

Total Marks: 42
Marks Obtained: 29.5

Q1
Patent

4,000
16

Reduction U/LB R&D A

Sec 35(1)(ii) $\left(\frac{3000}{5} \right)$ 6000

☐ 6000 + 5000
(only total 5000)

Sec 35(1)(iii) for purchase vehicle 1,50,000

☐ 6000 + 30,000

4,16,000

2 1Step3

0 1Step4

6 1

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE



Total Marks:	42
Marks Obtained :	29.5





The Institute of Chartered Accountants of India

Code: IN4IL419078
Subject: 04A Income Tax Law

Total Marks: 42
Marks Obtained: 29.5

18			
<u>Ans. (2b.)</u>			
<u>Total income</u>			
<u>PCBP</u>			
Profit of warehouse U/s 35AD	1,10,09,000		
(-) Reduction U/s 35AD [63,09,000 - 13,09,000]	~~63,09,000~~ (50,00,000)	63,09,000	
Profit of SEZ less: Red. U/s 10AA $(50 \times \frac{90}{100})$	50,09,000 (34,09,000)	24,09,000	
<u>PCBP Profit / Total income</u>		89,09,000	
Tax. [89,09,000 × 20% + 1,12,500]		22,12,500	
(+) Surcharge @ 10%		2,21,250	
		24,33,750	
(+) HEC @ 4%		9,73,500	
<u>Total tax</u>		<u>25,31,120</u>	
<u>Reduction U/s 10AA +</u>			
2.5 2bStep1 Profit of SEZ =	50,09,000		
Extra T10 =	9,09,000		
From T10 =	1,50,09,000		
Since SEZ is 5th AY from beginning			
6 2b So 10AA =	$\frac{\text{Profit of SEZ}}{\text{Extra T10}} \times \text{Extra T10}$	$= \frac{50 \times 90}{100}$	
13 Q2			

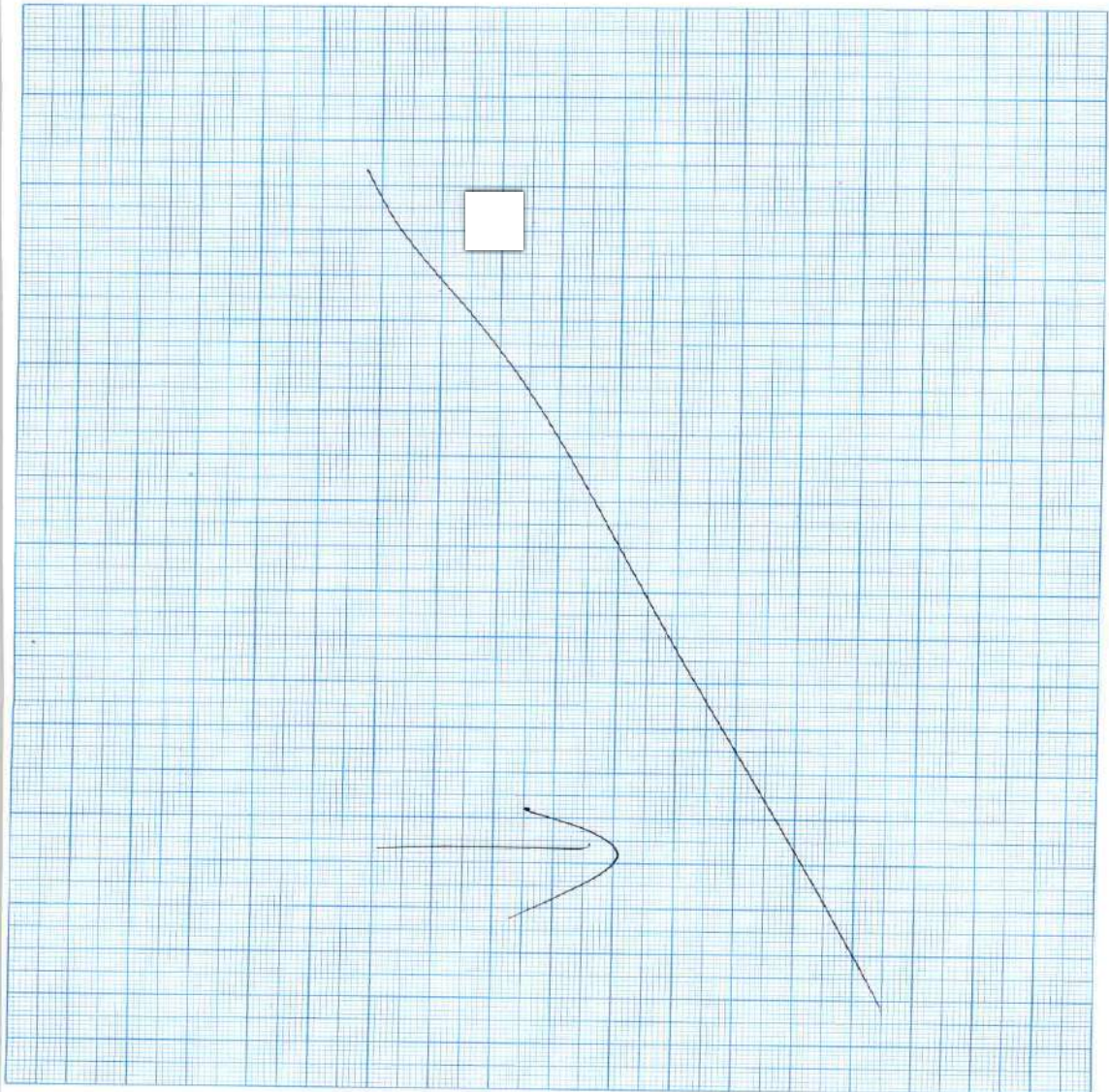


The Institute of Chartered Accountants of India

Code: IN4IL419078
Subject : 04A Income Tax Law

Total Marks: 42
Marks Obtained : 29.5

19





The Institute of Chartered Accountants of India

Code: IN4IL419078
Subject: 04A Income Tax Law

Total Marks: 42
Marks Obtained: 29.5

20



DO NOT WRITE ANYTHING HERE

AMT

Total income 89,00,000
(+) Reduction u/s 10A 3,00,000

(+) 3AD 50,00,000
(-) Reversal u/s 32 (5,00,000) 45,00,000
AMT 1,55,00,000

AMT @ 18.5% 28,67,500

(+) Surcharge @ 15% 4,30,125
32,97,625

(+) 4% NEC 1,31,905
AMT 34,29,530

Since AMT > Tax under Income tax Act,

So, ~~AMT~~ 1,55,00,000 shall be deemed to be income & tax payable at 34,29,530/-

AMT Credit Carried forward

AMT tax 34,29,530

(-) Tax u/s ITA 25,31,100

3.5

2bStep2

3 AMT Credit

8,98,430



The Institute of Chartered Accountants of India

Code: IN4IL419078
Subject : 04A Income Tax Law

Total Marks:	42
Marks Obtained :	29.5

Result Overview

Awarded Marks: 29.5

Max Marks:42

NA Not Attempted

0 **Optional**

M Marked

Q1_Compulsory (Score: 6/14)

Question No	Awarded Marks	Maximum Marks	Status
1	6	14	M

Q2_Q4 (Score: 23.5/28)

Question No	Awarded Marks	Maximum Marks	Status
Q2	13	14	M
2a	7	8	M
2b	6	6	M
Q3	10.5	14	M
3a	4.5	7	M
3b	4	4	M
3c	2	3	M
Q4	0	14	O
4a	0	8	O
4b	0	6	O