

CHARGEABILITY

M1. Income is taxable under the head IFOS if it is not exempt or It is not chargeable under any other head of income.....

Both conditions should be satisfied

DIVIDEND

M7. Charmis Pvt. Ltd., having reserves of Rs. 10 lakh and capitalized profits of Rs. 5 lakh (due to issue of bonus.....

AP = 15L. Div to the extent of AP = 15L. Raju = 10% of 15L.

M8. TexMax Ltd. distributed deposit certificates (without interest) to its equity and preference shareholders on.....

Total value distributed = 100L. Div to the extent of AP = 50L. A = 10% of 50L

M9. Shure Ltd., an Indian company, paid Rs. 500 per share on buy back of its shares on 1.9.2021 and paid buy back tax.....

Exempt u/s 10(34A)

M14. Zara Pvt. Ltd, extended a loan of Rs. 10 lakh on 12.12.2021 to B&C, a partnership firm, in which B has.....

Covered u/s 2(22)(e) = 10L + Job work NO = 10L. Div to the extent of AP = 9L. Money lending exception not available as it is not substantial part of business of company.

M16a. Mr. D, a lawyer aged 50 years, has the following particulars of income and expenses for PY 2021-22: Gross.....

TI = PGBP 15,00,000 (50% of 30,00,000 u/s 44ADA; he does not want 44AB; hence lower income of 12,00,000 (receipts – expenses) cannot be claimed) + FD interest 30,000 + Dividend 1,00,000 – Deduction u/s 57 of 20,000 (interest upto 20% of dividend included in the TI before such deduction) = 16,10,000

M18. Priyansh, a non-resident, received the following dividend during the PY 2021-22: Rs. 50,000 from Facebook Inc.....

50,000 FB Yes as received in India + 30,000 Daisy Yes as received from ICo + Lazy No as received/accrued outside India = 80,000

M20. Ranbir, a resident of age 36 years, has the following incomes for AY 2022-23: Dividend of Rs. 20 lakh, short.....

Div & 112A income = 51,00,000, other income = 90,00,000

SC = 15%.

TAX: 112A 10% of 30L is 3,00,000; On balance 1.1 cr is 31,12,500 = 34,12,500.

Tax + 15% SC + 4% HEC (on tax and SC) = 40,81,350

M21. Ranbir, a resident of age 66 years, has the following incomes for AY 2022-23: Dividend of Rs. 20 lakh, short.....

Div & 112A is 51L, other income is 3 Cr. SC 15% on div/112A and 25% on other income.

M23. Joy (P) Ltd goes into liquidation on 1.5.2021 on which date its accumulated profits are Rs. 10 lakh. It distributes.....

Div (up to AP) = 20% of 10L = 2L

STCG: FVC (40L FMV of assets + 5L cash – 10L dividend) = 35L. 20% is 7L. STCG = 7L FVC – COA 5L = 2L.

M26. If jewellery is acquired for inadequate consideration and excess of FMV over consideration is more than.....

Excess is taxable

M27. If a painting is gifted and its FMV exceeds Rs. 50,000, the amount in excess of Rs. 50,000 is taxable.....

FMV is taxable

M28. If Rs. 40,000 is gifted by a friend on two occasions during the PY, nothing is taxable.....

80,000 is taxable

M29. If gold jewellery is purchased for Rs. 10,000, on two occasions during the PY, when the market value on both.....

Excess $(80,000 - 20,000) > 50,000$. Excess is taxable.

M30. If a house is sold by a friend for Rs. 5,00,000 when the market value is Rs. 6,00,000 and stamp duty value.....

2L is taxable

M32. Raghav received the following during the PY 2021-22: Gift of Rs. 50,000 from neighbor, gift of watch of market.....

Cash from neighbor NO as $\leq 50K$ + Watch NO as not specified property + Jewellery NO as excess $\leq 50K$

M33. Ryan HUF, comprising Ryan, his wife and his son as members, received the following during the PY 2021-22.....

Cash gift NO as received from relative + gold 60,000 + car NO as not specified property + land SDV 4,00,000 = 4,60,000

M34. Samar received the following during the PY 2021-22: Gift on birthday of Rs. 20,000 from father, Rs. 20,000 from.....

CASH: Father NO + elder brother NO + colleague 20,000 = NIL as $\leq 50K$.

GIFT OF MOVABLE PROPERTY: Furniture NO.

SALE OF MOVABLE PROPERTY: Diamond/painting 60,000 $(90,000 - 30,000)$ + Raw material NO = 60,000.

M35. Mr. Kishore celebrated his 50th marriage anniversary. On this occasion, his wife received a diamond necklace.....

All are relatives except for friends who gave cash gifts

M36. Shaily received the following during the PY 2021-22: Plot of land from erstwhile business customer on occasion.....

Plot 7,00,000 + house 20,00,000 + shop NO as on partition of HUF + flat NO as under will = 27,00,000

M37. Vihaan sold 1,000 equity shares of J (P) Ltd to his friend, Suhaan on his marriage, for Rs. 100 each on 1.7.2021.....

No income u/s 56(2)(x) on receipt as on marriage.

STCG per share = 600 (FVC u/s 50CA) – 100 actual cost = 500 per share = 5,00,000

M38. Zeeshan purchased residential house from a private company in which he was a shareholder, for Rs. 10 lakh.....

IFOS: Excess of 25L $(35L - 10L) > 50K$ & SDV 35L $> 110\%$ of 10L; IFOS = 25L.

STCG = 50L FVC – 35L value taken into account u/s 56(2)(x) = 15L.

M39. Mr. B, a member of his father's HUF, transferred a house property to the HUF without consideration. The value.....

Not taxable for HUF as received from relative.

M40. Jeev received a plot of vacant land from his grandparent as gift on his birthday on 15.6.2021 when its FMV was

IFOS NIL as received from relative

STCG = 65L – 30L = 35L

M41. Divyansh acquired a house from his friend as gift on the occasion of Deepawali on 10.11.2021 when its SDV was.....

IFOS = 60L. STCG = 70L – 60L = 10.

M42. DLF (P) Ltd., a real estate dealer, sold a flat to D, its director, on 15.4.2021 for Rs. 10 lakh when its SDV was.....

DLF: 30L FVC u/s 43CA – 20L = 10L PGBP.

D: IFOS = Excess 20L $(30L SDV - 10L consideration)$. STCG = 40L $(FVC u/s 50C) - 30L (value taken u/s 56(2)(x)) = 10L$

M42a. Mr. B sold 1,000 shares of PQR Pvt. Ltd. to JKL Pvt. Ltd. for Rs. 2,00,000 on 15.12.2021 (FMV on this date.....

Mr. B: LTCG = 3,00,000 FVC u/s 50CA – 1,00,000 ICOA = 2,00,000

JKL Pvt. Ltd.: IFOS = Excess being FMV of 3,00,000 – Consideration of 2,00,000 = 1,00,000 as it is > 50,000.

INTEREST

M44. Suyash, following mercantile system of accounting, received the following interest during the PY 2021-22.....

PPF Exempt + GOI 25,000 + FD 30,000 + interest on comp 1,00,000 (2 lakh on receipt basis – 50% deduction) = 1,55,000

M46. Darshit earned the following interest during the PY 2021-22: Interest on debentures Rs. 45,000 (net of TDS.....

Debentures 50,000 + friend 9,000 (10,000 – 1,000 commission) + POSA 1,500 (5,000 – 3,500 exempt) + ICICI 5,000 + Gold Bond Bonds exempt = 65,500

M47. Divya received interest on compensation of Rs. 3,00,000 on 1.7.2021 for compulsory acquisition of a plot of land.....

3L – 50% deduction

SHARE PREMIUM

M50. Grand (P) Ltd issued 1,000 equity shares of face value Rs. 10 each to Darshit for Rs. 200 each on 12.1.2022.....

@ 200 – 150 = 50 per share.

M51. GC (P) Ltd issued 1,000 equity shares of face value Rs. 10 each to David for Rs. 200 each on 12.1.2022. FMV was.....

Nil as issue price of 200 does not exceed FMV of 225

M52. DM Ltd, not being a company in which the public are substantially interested, issued 1,000 equity shares of face.....

Nil, as consideration received from NR

OTHER INCOMES TAXABLE AS IFOS

M60. Danish, a resident and ordinarily resident, earned the following during PY 2021-22: Dividend of Rs. 10,000 from.....

Dividend 10,000 + MF 20,000 + gift taxable as SALARY + race 50,000 + Keyman taxable as SALARY = 80,000

M61. Champion, a resident of age 29 years, earned the following during PY 2021-22: Salary (computed) Rs. 1,00,000.....

Normal rate income = Salary 1,00,000 + Dividend 20,000 – PPF 1,20,000 u/s 80C = Nil. Winning = 1,00,000. Total Income = 1,00,000.

Tax = 30,000 (30% on winning) – 12,500 u/s 87A = 17,500. Tax + 4% HEC = 18,200.

M63. Jayant, staying in a flat at a rent of Rs. 10,000 p.m., sub let the flat at Rs. 15,000 p.m. He owned a printing.....

Flat = 1,80,000 – 1,20,000 = 60,000.

Machine 12,000 (6 months) – 5,000 repairs = 7,000.

Car 1,20,000 – 7,000 insurance – 51,000 depreciation (15% on WDV of 3,40,000 (4,00,000 – 60,000 depreciation for PY 2020-21)) = 62,000.

Total = 1,29,000

M64. Mehul received compensation of Rs. 50 lakh on 12.3.2021 on account of compulsory acquisition of his house by.....

Total income = Interest 1,00,000 (2,00,000 – 50% deduction) + Compensation on earthquake exempt u/s 10(10BC) (refer para 30) + Pension 45,000 (60,000 – 15,000 deduction) + 3,00,000 business income = 4,45,000

M65. Raunak, a software engineer, earned salary income (computed) of Rs. 3,00,000 during the PY 2021-22. He

Total Income = Salary 3,00,000 + Award 50,000 + Land 90,000 (1,20,000 – 30,000) + Director's fee 1,20,000 + Undisclosed income 10,00,000 – PPF 1,00,000 u/s 80C (not from undisclosed income) = 14,60,000

M66. If, in the hands of Mrs. C, a resident aged 70 years, interest on securities for the PY 2021-22 is Rs. 45,000 (net of.....

TI = 50,000 interest + 2,00,000 pension + 1,00,000 undisclosed income – 1,00,000 u/s 80C (not from undisclosed income) = 2,50,000 (comprising 1,00,000 undisclosed income and 1,50,000 other income).

Tax u/s 115BBE for undisclosed income @ 60% = 60,000 – 12,500 u/s 87A = 47,500. Tax on balance income = NIL. Tax + 25% SC + 4% HEC (on tax and SC) = 61,750.

SPECIAL PROVISIONS

M67. Which of the following is fully allowed as deduction while computing income under the head IFOS.....

Not disallowed u/s 40A(3) as made by specified mode

M68. Which of the following is not fully allowed as deduction while computing income under the head IFOS.....

Disallowed u/s 40A(3)

M69. Raja, a Chartered Accountant, authored a book on taxation during the year and earned royalty of Rs. 15 lakh.....

Expenses allowed = Bookseller NO u/s 40A(3) + Stationery 10,000 (15,000 – 5,000 disallowed as personal) + Salary 3,50,000 (5,00,000 – 30% disallowed u/s 40(a)(ia)) + Proof reading 1,00,000 (5,00,000 – 4,00,000 disallowed u/s 40A(2)) = 4,60,000.

Total Income = 15,00,000 – 4,60,000 expenses + 15,000 recovery u/s 59 = 10,55,000