



# The Institute of Chartered Accountants of India

**Code:** IN4IL818810  
**Subject :** INCOME TAX LAW

**Total Marks:** 42  
**Marks Obtained :** 32.5

Number of Answer Books used : Main + 0 additional sheets

For use by ICAI only

818810



28 NOV 2020

ICAI

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							
<b>Total</b>							



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:** IN4IL818810  
**Subject :** INCOME TAX LAW

**Total Marks:** 42  
**Marks Obtained :** 32.5



## 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 be 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: IN4IL818810  
 Subject: INCOME TAX LAW

Total Marks: 42  
 Marks Obtained: 32.5

		03	
Answer 1 (a)			
Computation of Total Income of Mr. Guresh for A.Y 20-21			
		₹	₹
	Income from House Property		
	Ground Floor		
	<del>Net</del> Net Annual Value	Nil	
	Less: Deduction u/s 24	-	
	First floor		
	Gross Annual Value	2,78,000	
	(Being in absence of information, deemed as considered of AV)		
	Less: Municipal taxes paid $(60,000 \times \frac{1}{2})$	(30,000)	
	Net Annual Value	1,98,000	
1.5	1Step1	Less: Deduction u/s 24	
	a) Standard 30%	(59,400)	
	Income		1,38,600
	Income from Business Profession		
	Net Profit from Industry	25,99,000	
1.5	1Step2	Less: Deduction under section 10AA	(17,50,000)
	(As per section 10AA, Deduction shall be allowed for eligible profit of 100% of profit for 5 year from commencement of business. In the given case he started from P.Y 2017-18 Hence the eligible for deduction)		
	Eligible Profit = $\frac{\text{Total Profit} \times \text{Export Turnover}}{\text{Total Turnover}}$		
	= $25 \times \frac{140}{200} = 17.5 \text{ Lakh}$		





# The Institute of Chartered Accountants of India

Code: IN4IL818810  
 Subject: INCOME TAX LAW

Total Marks: 42  
 Marks Obtained: 32.5

		₹	₹
	Income from Capital Gains		
	Full Value of Consideration	14,00,000	<input type="checkbox"/>
	(As per Section 50C, stamp duty value is to be considered as full value of consideration when <del>Actual Consideration is less</del> stamp duty value is more than 105% of Actual Consideration)		
	Less: Indexed Cost of Acquisition	(11,56,000)	<input type="checkbox"/>
2.5	1Step3 In case property acquired prior to 1.4.01 Assessee has option to convert its Actual cost of acquisition into FMV on 1.4.01 as cost of acquisition) (So amount ₹ 190,000 is converted into 490,000 as on 1.04.01) Indexed cost = $\frac{490000}{100} \times 289$		
	Long Term Capital Gain		2,44,000
	Income from other sources		
	Royalty ( <del>As per rules</del> Royalty)	288,000	
	Interest on Saving Bank A/c	<input type="checkbox"/> 40,000	
	Share of profit from AOP	47,000	
			3,75,000
	Gross Total Income		15,07,600



The Institute of Chartered Accountants of India

Code: IN4IL818810  
 Subject: INCOME TAX LAW

Total Marks: 42  
 Marks Obtained: 32.5

05

2	1Step5	Less: Deduction under Chapter VI A U/S 80 C - Insurance premium of son (not allowed for independent - Tuition fees (Restricted to 2 child) U/S 80 D - Insurance premium of Father (Assumed father is of age more than 60 years) U/S 80 TTA - Interest on Saving Deposit U/S 80 BBB - Royalty	39,000 28,000 48,000 10,000 <del>288,000</del> (4,13,000)	
		Total Income	10,94,600	
0.5	1Step6	Computation of Tax liability (Normal) Tax on <del>10,94,600</del> Long term Capital Gain <del>20%</del> U/S 112 @ 20% of 244,000 Tax on Balance @ slab Rates (i) 250,600 @ Slab Rate Tax Liability & Liability Add: Education cess @ 4% Total Tax Payable	48,800 1,32,620 1,81,420 7256.8 <del>1,88,676.8</del> 1,88,680	
		Computation of Tax Liability (AMT) - Tax on adjusted Total income @ 18.5 is chargeable under provisions of AMT.		



# The Institute of Chartered Accountants of India

Code: IN4IL818810  
 Subject: INCOME TAX LAW

Total Marks: 42  
 Marks Obtained: 32.5

06



Adjusted Total Income = Total Income + Deduction  
 under section 10 AA + Deduction  
 u/s 35 AD  
 = 10,94,600 + 17,50,000  
 = 28,44,600

~~An individual~~ A person is <sup>not</sup> liable to pay tax under AMT  
~~if person~~ if person (other than Firm including LLP)  
~~and he~~ has Adjusted total income less than  
 ₹ 20 Lakh.

Hence in given case Mr. Gyanesh is liable and  
 Tax Liability would be

<input type="checkbox"/>	18.5% of 28,44,600	<input type="checkbox"/>	57,625
	Add: Education cess 4%	<input type="checkbox"/>	2,105.04
	<b>Tax Liability Total</b>		<b>59,730.04</b>
	<b>Tax Liability</b>	<input type="checkbox"/>	<b>59,730</b>

2 1Step7

If he pays tax under AMT he will get credit  
 of 35,8620 (59,7300 - 1,88,680) for subsequent years.

10.5 1

DO NOT WRITE ANYTHING HERE





The Institute of Chartered Accountants of India

Code: IN4IL818810  
 Subject: INCOME TAX LAW

Total Marks: 42  
 Marks Obtained: 32.5

07

Answer 2 (a)

As per section 139(5), Any returns furnished under section 139(1), 139(3) and 139(4) may be revised on coming to knowledge of any omission, misstatement or error in previous return.

Revision can only be take place upto -

- ~~con~~ End of Assessment year or
- ~~end of assessment~~ completion of assessment, whichever is earlier.

Hence it is possible to revise return.

Computation of Total Income & Tax Paid by Mr. Mukesh

Salary (computed)		₹
Income from other sources		730,000
Interest on Saving Bank	12,700	
Interest on FD	43,000	
<del>Gross Total Income</del>		<del>785,700</del>
Gross total income		785,700
Less: Chapter VIA Deductions		
U/S 80 C -		(150,000)
U/S 80 D		(25,000)
U/S 80 TTA		(10,000)
Total Income		600,700
Tax Paid by Mr. Mukesh		30,140
Tax Liability (Slab Rates on 600,700)		32,640
Less: TDS Deducted		(33,450)
Amount Refundable = 3810		32,640
		<del>33,450</del>
		<del>37,600</del>

~~Tax Refundable to Tax Payer~~  
~~(Total Tax - Tax Liability)~~



The Institute of Chartered Accountants of India

Code: IN4IL818810  
 Subject: INCOME TAX LAW

Total Marks: 42  
 Marks Obtained: 32.5

08



However he had not claimed deduction under section 80TTB as he is a senior citizen he could claim deduction upto ₹ 50,000

Also under 80D he can claim following

	₹	₹
Self & Spouse		
Health Insurance premium (Self & spouse)	38,000	
Preventive health checkup (his) (upto 5000 can be in cash)	1,500	
		39,500
Parents (upto ₹ 50,000)		
Medical Insurance Premium of mother (and upto 50,000 could be claimed as parents & He is of age 60 years or more)	33,000	
Medical Expenditure of father (Medical treatment of senior is allowable as deduction u/s 80D)	25,000	
Preventive health check up	4,000	
Restricted dt	62,000	50,000
		89,500
Revised Total Income		₹ 7,85,700
Gross Total Income		
Less: Deduction Under Chapter VIIA		
80C -		(1,50,000)
80D -		(89,500)
80TTB -		(50,000)
Total Income		4,96,200

3.5 2aStep2

0.5 2aStep3

DO NOT WRITE ANYTHING HERE





# The Institute of Chartered Accountants of India

Code: IN4IL818810  
Subject: INCOME TAX LAW

Total Marks: 42  
Marks Obtained: 32.5

10000

09



DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE

	Tax Payable	Nil
<input type="checkbox"/>	as assessee can claim Rebate under section 87A <del>as it</del> upto 12500 as its total income does not exceed ₹50,000	

1.5

2aStep4

<input type="checkbox"/>	So the amount of Tax refundable shall be the amount deposited as TDS, i.e. 33,950 as He is not required to pay tax.
--------------------------	---

2

2aStep1

<input type="checkbox"/>	(It is taken that Mr. Mukesh is 60 years old i.e. Senior citizen & slab will <del>be</del> <sup>be</sup> from 3,00,000, as he is completing age of 60 on 31.03.20.)	<input type="checkbox"/>
--------------------------	---	--------------------------

7.5

2a



# The Institute of Chartered Accountants of India

Code: IN4IL818810  
Subject: INCOME TAX LAW

Total Marks: 42  
Marks Obtained: 32.5

10



Answer 2(b)

(1) As Sanjay does not have any business or profession, hence he shall not be required to get accounts audited u/s 44 AB.  
So, he is not liable to deduct TDS u/s 194C.

However u/s 194M, if person not covered under section 194C, 194H, 194J, shall be required to deduct TDS u/s 194M if aggregate of payment to such person (Resistor) exceed amount ₹ 50 Lakh in an financial year.  
Payment shall include Requirement to deduct TDS @ 5% on payment or ~~due~~ <sup>credit</sup> basis whichever is earlier.

1.5

2bStep1

So, Mr Sanjay needs to deduct TDS as aggregate of amount exceed 50 lakh

$$\begin{aligned} \text{Amount of TDS} &= 52,00,000 \times 5\% \\ &= ₹ 2,60,000 \end{aligned}$$

(\*) It is assumed residential house is not meant for personal purpose.



The Institute of Chartered Accountants of India

Code: IN4IL818810  
 Subject: INCOME TAX LAW

Total Marks: 42  
 Marks Obtained: 32.5

11

DO NOT WRITE ANYTHING HERE

(ii) As per Section 194C, payment to a contractor is required to deduct TDS, However not if following ~~cases~~ conditions ~~are~~ are fulfilled

- 1) ~~Contractor~~ He is carrying business of hiring, leasing, plying of goods carriage
- 2) He does ~~not~~ give certificate he does not own more than 10 truck
- 3) He has furnished his PAN.

In case any recipient does not furnish PAN, TDS is deductible at rate 20%.

∴ Here as he does not furnish TDS, he is liable to deduct TDS and at 20%.

Amount of TDS =  $150,000 \times 20\%$   
 = ₹30,000

DO NOT WRITE ANYTHING HERE

(iv) As per provisions of Income Tax it is not chargeable for deducting TDS under provisions.

It involves smt. Samita paid ₹ 5,00,000 on 17<sup>th</sup> April to smt. Reena from deposit in NSSA/c.

It is just ~~not~~ not a ~~is~~ transfer.

DO NOT WRITE ANYTHING HERE

↑ DO NOT WRITE ANYTHING HERE

↑ DO NOT WRITE ANYTHING HERE

↑ DO NOT WRITE ANYTHING HERE

2.5 2bStep2

6 2bStep3

4 2b

11.5 Q2





The Institute of Chartered Accountants of India

Code: IN4IL818810  
Subject: INCOME TAX LAW

Total Marks: 42  
Marks Obtained: 32.5

12



Answer 3(a)  
Computation of Gross total Income of Mr. Pooja

		₹	₹
Income from Salary	220,000	220,000	220,000
Loss from House Property		(20,000)	20,000
Income from House Property			
Net Annual Value		1,50,000	
Loss: Deduction u/s 24			
a) 30% of NAV		(45,000)	
b) Interest Expense		(21,000)	
(Interest expense is restricted to ₹200,000 in case of self occupied house.)			
(Assumed house is self occupied)			
<del>Loss of House Property 95,000 set off against salary head</del>		<del>(95,000)</del>	
(Loss under house property can be set off against any head to the extent of ₹ 200,000)			
Income from Business Profession			
Income from Textile Business	300,000		
Loss: Current Dep		(60,000)	
Loss: Brought forward Loss	90,000		
Loss: Unabsorbed Depreciation	275,000	(75,000)	
(Loss from textile business can be set off against any head (other than salary))			

DO NOT WRITE ANYTHING HERE



The Institute of Chartered Accountants of India

Code: IN4IL818810  
Subject: INCOME TAX LAW

Total Marks: 42  
Marks Obtained: 32.5

		₹	₹
DO NOT WRITE ANYTHING HERE	Income from Capital gains		
	Long Term Capital gain	225,000	
	Less: Long Term Capital Loss (STP Paid)	(100,000)	125,000
	(As long term capital loss can only be set off against long term capital gain)		
DO NOT WRITE ANYTHING HERE	Less: Set off of Loss from textile business	(75,000)	50,000
	2 3aStep4		
	Income from other sources		
	Dividend from units of UTI	5,000	
DO NOT WRITE ANYTHING HERE	Less: Exempt u/s 10(35)	(5,000)	
	Gross Total Income		70,000
	Amount of loss to be carried forward to A.Y 21-22		2
	2.5 3aStep1		
Loss from House Property (21,000 - 200,000)		11,000	
DO NOT WRITE ANYTHING HERE	Loss from specified business u/s 35 AD (as it can only be set off against specified business income)		10,000
	Losses to be carried forward		21,000
	1.5 3aStep2		
	Note: Share in loss from firm is exempt u/s 10 as profit from firm is exempt & as definition of income u/s 2 profit includes losses. So, not to be allowed to set off.		
7.5 3a			



The Institute of Chartered Accountants of India

Code: IN4IL818810  
Subject: INCOME TAX LAW

Total Marks: 42  
Marks Obtained: 32.5

10.5 Q3  
3 3b

14



Answer 3(b)

Computation of ~~gross~~ gross total income of  
Shri Ram Kumar & Smt Ram Kumar for AY 20-21

	₹	₹
	Shri Ram Kumar	Smt. Ram Kumar
Income from Salary		
Basic Salary	1,80,000	2,40,000
Less: Deduction u/s 16	(50,000)	(50,000)
	1,30,000	1,90,000
Income from House property		
Gross Annual Value (7x3000)	21,000	
Less: Municipal Tax Paid	-	
Net Annual Value	21,000	
Loss: Deduction u/s 24 (80% of NAV)	(18,900)	
	2,100	
(u/s 64(1) <del>asset transferred to</del> do spouse without adequate consideration not under a agreement to live apart shall be taxable in hands of transferee)		
Income from other sources		
Interest on capital	36,000	64,000
Interest on Debentures		
(Same provision as stated above u/s 64(1))	294,545	35,454
( <del>30,000 x 10 / 100 = 30,000</del> <del>30,000 x 30,000 / 30,000</del> <del>39,000 x 30,000 / 30,000</del> )		
Income of child	504,645	284,454





The Institute of Chartered Accountants of India

Code: IN4IL818810  
 Subject: INCOME TAX LAW

Total Marks: 42  
 Marks Obtained: 32.5

15



↑ DO NOT WRITE ANYTHING HERE  ↑ DO NOT WRITE ANYTHING HERE  ↑ DO NOT WRITE ANYTHING HERE	<p style="text-align: center;">Income of child <span style="float: right;">₹</span></p> <p>(U/S 64 income any income received by minor child by way of other than by engaging skill or talent, shall be clubbed in hands of parent whose total income before such income is higher &amp;)</p> <p>Also U/S 10 assessee can claim exemption of amount ₹1500 )</p> <p>Loss: Exempt U/S 10</p>	15,000 (1500) 13500	
	Gross Total Income	5,18,145	28,94,54






# The Institute of Chartered Accountants of India

**Code:** IN4IL818810  
**Subject :** INCOME TAX LAW

**Total Marks:** 42  
**Marks Obtained :** 32.5

17



DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE

Page 17

The form area is a large sheet of lined paper with a vertical margin line on the left. At the top center, the number '17' is printed. To the right of the number is a barcode. On the left side, there are three vertical arrows pointing upwards, each followed by the text 'DO NOT WRITE ANYTHING HERE'. A small rectangular box is present in the upper right quadrant of the lined area. The page number 'Page 17' is printed in red at the bottom right corner of the form area.





# The Institute of Chartered Accountants of India

**Code:** IN4IL818810  
**Subject :** INCOME TAX LAW

**Total Marks:** 42  
**Marks Obtained :** 32.5

18

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE

Page 18

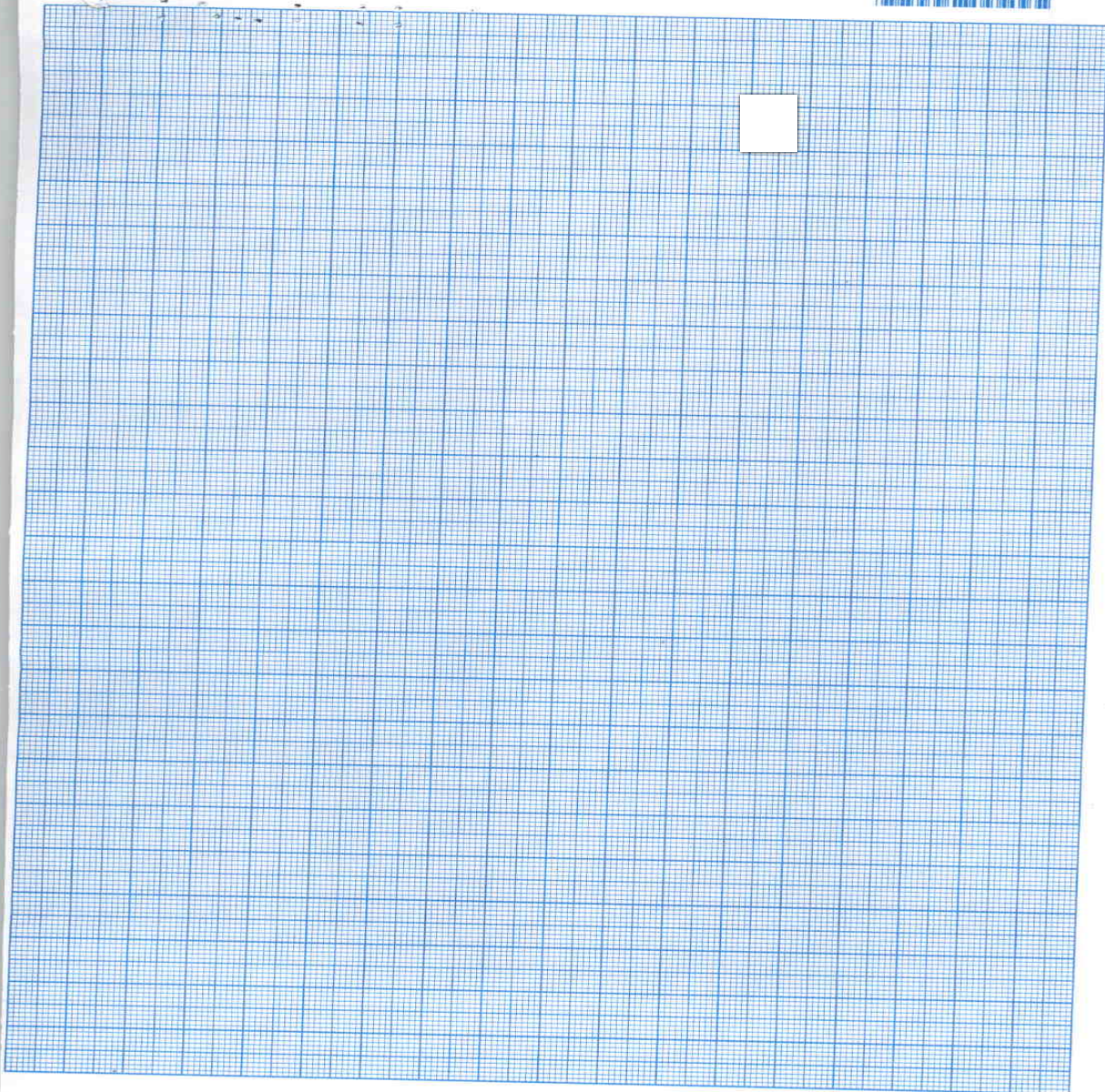


# The Institute of Chartered Accountants of India

**Code:** IN4IL818810  
**Subject :** INCOME TAX LAW

**Total Marks:** 42  
**Marks Obtained :** 32.5

19






# The Institute of Chartered Accountants of India

**Code:** IN4IL818810  
**Subject :** INCOME TAX LAW

**Total Marks:** 42  
**Marks Obtained :** 32.5

20



DO NOT WRITE ANYTHING HERE

Page 20

The image shows a scanned page of an answer sheet. At the top, the number '20' is printed in blue. To the right of the number is a barcode. Below the barcode, there is a small white rectangular box. The main body of the page is filled with horizontal blue lines for writing. On the right side, there is a vertical line and the text 'DO NOT WRITE ANYTHING HERE' with a downward-pointing arrow. At the bottom right corner, the text 'Page 20' is printed in red. There are some faint purple ink marks in the center of the page.





## The Institute of Chartered Accountants of India

Code: IN4IL818810  
Subject : INCOME TAX LAW

Total Marks: 42  
Marks Obtained : 32.5

### Result Overview

Awarded Marks: **32.5**

Max Marks:42

NA Not Attempted

○ Optional

M Marked

#### Q1 Compulsory (Score: 10.5/14 )

Question No	Awarded Marks	Maximum Marks	Status
1	10.5	14	M

#### Q2\_Q4 (Score: 22/28 )

Question No	Awarded Marks	Maximum Marks	Status
Q2	11.5	14	M
2a	7.5	9	M
2b	4	5	M
Q3	10.5	14	M
3a	7.5	8	M
3b	3	6	M
Q4	0	14	○
4a	0	5	○
4b	0	5	○
4c	0	4	○