

**Paper 16 – Direct Tax Laws  
And  
International Taxation**

**Paper 16 – Direct Tax Laws and International Taxation**

**Time Allowed: 3 Hours**

**Full Marks: 100**

**Answer Question No. 1 which is compulsory and any FIVE from Question No 2 to 8.**

**Section-A**

1. Choose the most appropriate alternative:

**10× 2 = 20**

- (i) The time limit for filing belated return is:
  - (a) within the assessment year
  - (b) within the assessment year or before completion of assessment whichever is earlier.
  - (c) within the one year from end of assessment year or before completion of assessment whichever is earlier
  - (d) None of above
- (ii) Appeal to High court is possible if:
  - (a) Question of fact is involved
  - (b) Question of law is involved
  - (c) Substantial question of law is involved
  - (d) None of above
- (iii) The following loss is not allowed to carry forward:
  - (a) House property loss
  - (b) loss from running and maintaining of race camels
  - (c) loss under the head "Income from other source"
  - (d) None of above
- (iv) Income referred u/s 9(1) of ITA, 1961 is:
  - (a) Not taxable
  - (b) Taxable but eligible for double tax relief
  - (c) Taxable and not eligible for double tax relief
  - (d) none of above
- (v) Income on which equalization levy is charged is:
  - (a) Chargeable under income tax
  - (b) Not chargeable under income tax
  - (c) Not an income under ITA, 1961
  - (d) None of above
- (vi) The rate of minimum Alternative Tax for unit located in International Financial Services Centre is:
  - (a) 18.5%
  - (b) 9%
  - (c) 30%
  - (d) None of above
- (vii) Deduction u/s 80 IAC for eligible start-ups is @ 100% for:
  - (a) 5 years
  - (b) 3 years
  - (c) 10years
  - (d) None of above
- (viii) Tax payable by domestic companies u/s 115BA is:
  - (a) 25%
  - (b) 29%
  - (c) 30%

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- (d) None of above
- (ix) Which of the following company is not liable to pay MAT u/s 115JB:
- (a) Trading company
  - (b) Manufacturing company
  - (c) Tonnage tax company
  - (d) None of above
- (x) The amount of deduction in respect of salary paid to its own members in case of PFAOP is:
- (a) Without any limit
  - (b) ₹ 1,50,000
  - (c) Nil
  - (d) none of above

### Answer: 1

- (i) b (the time limit for filing belated return w.e.f. 01.04.2016 is within assessment year or before completion of assessment whichever is earlier)
- (ii) C (Appeal to high court is possible only if the case involve Substantial question of law)
- (iii) C
- (iv) C
- (v) b
- (vi) b
- (vii) b
- (viii) b
- (ix) C (Tonnage tax company and life insurance company are not liable to pay MAT u/s 115JB)
- (x) C (Salary paid to members by PFAOP is not deductible expenditure u/s 40 (ba) in commutating income of such time)

### Section-B

**(Answer any Five Questions out of seven questions)**

**(5 × 16 = 80 Marks)**

**2.**

- (a) An assessee has following incomes/losses for the year 2016- 17:
- (i) Income from salary (computed) ₹ 3,00,000
  - (ii) Income from business (un adjusted) ₹ 4,00,000
  - (iii) Unabsorbed capital expenditure on research ₹ 1,20,000.
  - (iv) Current year depreciation ₹ 1,50,000
  - (v) Bought forward business loss ₹ 1,80,000
  - (vi) Short term capital ₹ 3,00,000
  - (vii) Short term capital gain ₹ 2,00,000
  - (viii) Long term capital gain ₹ 4,00,000
  - (ix) Income from growing and manufacturing of rubber ₹ 5,00,000
  - (x) Donation to approved scientific research ₹ 2,00,000.

Compute taxable income of assessee for AY 2017-18 and also tax liability if assessee is an individual. **10 Marks**

- (b) Mr. X and Mrs. X are employed in X Ltd., where both of them are holding equity shares to the extent of 20% and 25% respectively. Salary of Mr. X is ₹20,000 pm. While that of Mrs. X is ₹ 24,000 pm. Other incomes of Mr. X and Mrs. X are ₹ 3,20,000 and ₹ 2,80,000 respectively. The income of minor Son, Master X in the form of interest on deposits is ₹ 9,500. Calculate tax liability of Mr. X

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and Mrs. X What will be the tax liability, if Mr. X and Mrs. X are employed in X Ltd. in their professional capacity.

**6 Marks**

**Answer: 2**

(a) Computation of taxable income of an individual

Particulars	₹	₹
Income from salary		3,00,000
PGBP		
Income from business	4,00,000	
(+) 35% of growing/manufacture of rubber	1,75,000	
	5,75,000	
(-) Weighted deduction u/s 35 2,00,000 × 175%	3,50,000	
(-) Current depreciation	1,50,000	
(-) Brought forward loss	75,000	Nil
Capital gain		
STCG	2,00,000	
(-) STCL	2,00,000	Nil
LTCG	4,00,000	
(-) STCL	1,00,000	
(-) Unabsorbed research	1,20,000	1,80,000
Total income		4,80,000

Calculation of tax by applying partial integration

Non- agricultural income = ₹ 4,80,000

Agricultural income @ 65% of ₹ 5,00,000 = ₹ 5,00,000 = ₹ 3,25,000

Step I Tax on ₹4,80,000 + 3,25,000 (i. e. tax on ₹ 8,05,000)  
On LTCG @ 20% = ₹ 36,000  
On balance (Nil + 10% of 2,50,000 + 20% of 1,25,000) = ₹ 50,000  
Total = ₹ 86,000

Step II Tax on ₹ 2,50,000 + ₹ 3,25,000 (i. e tax on ₹ 5,75,000)  
(Nil + 10% of 2,50,000 + 20% of ₹ 75,000) = ₹ 40,000

Step III Step I – Step II = 46,000

Step IV less Rebate u/s 87A = 5,000  
[allowed from tax payable 41,000  
On salary income]

Step V Add less @ 3% 1,230  
Tax 42,230

Note:

- (1) Remaining business loss of ₹ 1,05,000 (i. e. ₹ 1,80,000 – ₹ 75,000) is carry forward to next AY.
- (2) Unabsorbed CE on research cannot be adjusted from salary income and hence adjusted from LTCG.

**Answer: (b)**

Calculation of tax liability

	₹ Mr. X	₹ Mrs. X
Salary (20,000 × 12)	2,40,000	-

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(24,000 × 12)	2,88,000	-
Other Income	3,20,000	2,80,000
Income of Minor [9,500 – 1500 u/s 10(32)]	8,000	-
Total Income	8,56,000	2,80,000

### Tax Liability

Mr. X = Nil + 10% of ₹ 2,50,000 + 20% of ₹ 3,56,000  
 = 96,200 + cess @ 3% = ₹ 99,090

Mrs. X = Nil + 10% of ₹ 30,000 = 3,000  
 (-) Rebate u/s 87A = 3,000  
Nil

If Mr. X and Mrs. X are employed in their professional capacity:

Particulars	₹	₹
	Mr. X	Mrs. X
Salary	2,40,000	2,88,000
Other income	3,20,000	2,80,000
Income of Minor	-	8,000
Total income	5,60,000	5,76,000

### Tax Liability

Mr. X = Nil + 10% of ₹ 2,50,000 + 20% of ₹ 60,000  
 = 37,000 + Cess @ 3% = ₹ 38,110

Mrs. X = Nil + 10% of 2,50,000 + 20% of ₹ 76,000  
 = 40,200 + Cess @ 3% = ₹ 41,410 (rounded off)

Note: (1) Clubbing provisions does not attract if employed in professional capacity  
 (2) Income of minor [after exemption u/s 10 (32)] is clubbed in the hands of parents whose income is more.

3. Anand & Co., a limited liability partnership has submitted the following information for the year 2016-17:
- (i) It has three units: units I is commenced in special economic zone on 31-3-2011, unit II is a warehouse in west Bengal for storage of agricultural produce commenced on 1.10.2016 and unit III is commenced in Domestic Tariff Area on 1.1.2017.
  - (ii) Profit of units located in SEZ ₹ 20 lakhs while export sales being ₹ 60 lakhs (3/4 of the sale proceeds brought into India within specified time limit) and domestic sales ₹ 30 lakhs
  - (iii) Profit from warehouse (before deduction u/s 35AD) is ₹ 80 lakhs. Capital expenditure (including cost of land ₹ 5 lakhs) is ₹ 45 lakhs.
  - (iv) Profit from unit located in DTA ₹ 10 Lakhs (after deduction of ₹ 2 lakhs which is disallowed u/s 43B)
  - (v) The firm fulfils all the conditions of section 10AA (units I), section 35AD (unit II) and section 80IA (unit III) under IT Act, 1961.
  - (vi) The firm is an unlisted public limited company converted into LLP. There is MAT credit of ₹ 50,000 which is unutilized at the time of conversion.

Compute tax liability (including AMT u/s 115JC) of LLP for the AY 2017-18.

**16 Marks**

**Answer: 3**

### Calculation of tax liability of LLPF

Unit I in SEZ:	
Profit [before exemption]	2,00,000
Less: Amount of exemption u/s 10 AA	<u>5,00,000</u>
Profit of unit I	<u>15,00,000</u>

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Amount of exemption u/s 10AA:

50% [Profit of business x Export Turnover / Total Turnover  
=50% [20,00,000 x ¼ th of 60,00,000 / 90,00,000]

Unit II is a specified business u/s 35AD:

Profit (before deduction)	80,00,000
Less: Amount of deduction u/s 35AD	<u>60,00,000</u>
Profit of unit II	<u>20,00,000</u>

Amount of deduction u/s 35AD:

Capital Expenditure	45,00,000
Less: Cost of Capital	<u>5,00,000</u>
	<u>40,00,000</u>

AOD @ 150% = 60,00,000

Unit III in DTA

Profit (after disallowed expenditure)	10,00,000
Add: Disallowance u/s 43B	<u>2,00,000</u>
	<u>12,00,000</u>

Total Income of LLPF:

	Amount (₹)
Unit I	15,00,000
Unit II	20,00,000
Unit III	12,00,000
GTI	47,00,000
Less: AOD u/s 80IA @ 100%	12,00,000
NTI	35,00,000

Regular tax @ 30.90% = ₹ 10,81,500

Adjusted total Income = NTI + AOE u/s 10AA + AOD u/s 35AD  
= 35,00,000 + 5,00,000 + 60,00,000 + 12,00,000  
= 11,200,000

AMT u/s 115JC @ 19.055 % = ₹ 21,34,160

AMT Credit u/s 115JD : ₹ 1,052,660 [ 2,134,160 – 1,081,500 ]

Note: AMT credit is carry forward for 10AY's and adjusted from regular tax.

#### 4.

(a) Technology Ltd. has two units one hardware unit and the other software unit. The company decided to sell its hardware unit as a going concern by way of slump sale for ₹ 320 lakhs to innovative Ltd in which it holds 75% equity shares. The balance sheet of Technology Ltd. as on 31.3.2017:

<b>Liabilities</b>	<b>( ₹ in lakhs)</b>	<b>Assets</b>	<b>( ₹ in lakhs)</b>
Paid up shares capital	410	Fixed Assets:	
General reserve	160	Hardware unit	230
Sundry liabilities:		software unit	400
Hardware unit	210	Current Assets:	
Software unit	<u>180</u>	Hardware unit	120
	<u>960</u>	Software unit	<u>210</u>
			<u>960</u>

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The company setup the hardware unit on 1.4.2010 and software unit on 1.4.2015. fixed assets of hardware unit contains both depreciable and non-depreciable assets. Book value of depreciable assets is ₹ 80 lakhs whereas its WDV for tax purpose is ₹ 50 lakhs. Determine tax liability of the company from slump sale.

**10 Marks**

(b) What do you mean by "Substantial Question of law"?

**6 Marks**

**Answer: 4.a**

Determination of tax liability from Slum Sale u/s 50B:

	Amount (₹)
Full sale consideration	320,00,000
Less: Cost of acquisition / improvement	110,00,000
LTCG	210,00,000

Net worth: Assets – Liabilities = 320 – 210 = 110 Lakh

Assets= Book value (ignore revaluation) of non depreciable assets + WDV of depreciable assets + Current Assets

= (230,00,000 – 80,00,000 ) + 50,00,000 + 120,00,000  
= ₹ 320,00,000

Calculation of tax:

On LTCG @ 20% + SC + Cess

= i.e @ 23.072% = ₹ 48,45,120

Note:

1. Type of capital gain (LTCG / STCG) depends upon the existence of Tech India as a whole.
2. Indexation is not available u/s 50B.
3. Surcharge @ 12% is applied as the income exceeds ₹ 10 crores.

**Answer:4.b.**

Appeal u/s 260A can be only in respect of a substantial question of law. The expression "Substantial Question of Law" has not been defined anywhere in the Act. But it has acquired a definite meaning through various judicial pronouncements.

In Sir Chunilal V. Mehta & Sons Ltd. v. Century Spinning & Mfg Co. Ltd. AIR 1962 SC 1314, the Apex Court laid down the following tests to determine whether a substantial question of law is involved. The tests are:

- a. Whether directly or indirectly it affects substantial rights of the parties; or
- b. The question is of general public importance; or
- c. Whether it is an open question in the sense that issue is not settled by the pronouncement of the Supreme Court or Privy Council or by the Federal Court; or
- d. The issue is not free from difficulty; or
- e. It call for a discussion for alternative view.

The following have been held as "Substantial Question of Law"

1. Entitlement to relief u/s 80HHC is a Substantial Question of Law- Reena Sethi v. ITO[2003] 261 ITR 288(Delhi).
2. An order refusing to condone delay u/s 253(5) (but not one condoning it) raises a Substantial Question of Law—CIT v. Agarwal Hardware Works (P.) Ltd. [2001] 248 ITR 155/117 Taxman 249 (Cal.)
3. Where the tribunal findings are contrary to documentary evidences, and are based on surmises and conjectures, a Question of Law will arise—CIT v. H.V Shantharam [2003] 128 Taxman 34/261 ITR 435 9(Kar).

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4. Question as to whether assessee is liable to deduct tax at source under section 194C, is a Substantial Question of Law –CIT v. Ambuja Darla Karsog Mangu Transport Cooperative Society Ltd. [2008] 168 Taxman 223 (SC), CIT v. Sirmur Truck Operators Union [2008] 170 Taxman 242 (SC).

5.

- a) HLI Private Limited is a company with three shareholders H (40%), L (20%) and I on behalf his HUF (40%). I (HUF) is a Hindu Undivided Family whose members are Mr. I, Mrs. I and their two sons, G and J. The company gave a loan of ₹ 9 lakhs to I (HUF) on 30<sup>th</sup> April, 2011, on which date the accumulated profits of the company was ₹ 6 lakhs. What is the tax consequence of this transaction?

**8 Marks**

- b) PQR Limited has written off certain debts as bad debts in the books of account and claimed deduction under section 36(1)(vii) in the return of income filed for Assessment year 2011-12. The Assessing Officer made disallowance for deduction of bad debts on the ground that the debts have not been established to have become irrecoverable and bad in the previous year 2010-11.

Examine the correctness of the action of the Assessing Officer.

**8 Marks**

**Answer: 5.a**

Fact of the case: Loan to a representative partner whether should be considered as deemed dividend u/s 2(22)(e).

Case Law: CIT vs National Travel Services

Verdict: If loan is received in his individual capacity, it will be not be considered as dividend. However, loan received in representative capacity will become dividend u/s 2 (22) (e) to the extent of accumulated profits i.e ₹ 6 Lakhs.

**Answer: 5.b**

Fact of the Case: Whether debt written off as bad in the books of account should be established to have become irrecoverable and bad in the relevant previous year while filing ROI for the relevant assessment year.

Case Laws: TRE Ltd Vs CIT

Verdict: Debts need to be established to have become irrecoverable and bad in the previous year itself in order to claim deduction u/s 36(1)(vii) in the ROI filed for the relevant assessment year.

6.

- a) X Ltd. an Indian company, is a subsidiary of Y Ltd, a company registered in Australia. X Ltd. purchases raw materials from Y Ltd. The purchase prices are ₹ 9000, ₹ 9,600 ₹ 10,200 and ₹ 10,600 per unit. X Ltd, however pays ₹ 82 lakhs (i.e. 800 units @ 10,250 per unit). Net profit as per P&L account is ₹ 8 lakhs. Determine arm's length price and net income of X Ltd for the A.Y 2017-18.

**8 Marks**

- b) Mr. X, is an artist earns income of ₹ 80,000 from stage performances outside India. Tax deducted from such income is ₹ 10,000. There is not double tax avoidance agreement with that country. He earns ₹ 10,00,000 in India. He deposited ₹ 60,000 in PPF and paid ₹ 30,000 medical insurance premium in respect of his father, who is non-resident aged 70. Calculate tax liability of Mr. X and also determine relief available to him.

**8 Marks**

**Answer: 6.a**

Determination of Net Income of X Ltd:

ALP= Arithmetic mean (as items are less than six)



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$$= \frac{9,000 + 9,600 + 10,200 + 10,600}{4}$$

$$= ₹ 9,850$$

Recorded Price: ₹ 10,250

Difference in Price = ₹ 400

[Safe harbour = 3% of ₹ 10,250 = ₹ 308]

Increase in profits = No of units x differential price  
= 800 x 400 = ₹ 3,20,000

Total Profits = ₹ 8,00,000 + 3,20,000 = ₹ 11,20,000

### Answer: 6.b.

Calculation of tax liability of Mr X:

	Amount (₹)
Indian Income	10,00,000
Foreign Income	80,000
GTI	10,80,000
Less: Deduction u/s 80C PPF	60,000
Deduction u/s 80D MIP	25,000
NTI	9,95,000
Tax on ₹ 9,95,000	1,24,000
Add: Cess @ 3%	3,720
	1,27,720
Less: Relief u/s 91 (WN)	10,000
Net Tax	1,17,720

$$\text{Average Rate of Tax (Total income)} = \frac{1,27,720}{9,95,000} \times 100$$

$$= 12.836\%$$

$$\text{Average Rate of Tax (Foreign income)} = \frac{10,000}{80,000} \times 100$$

$$= 12.50\%$$

Relief u/s 91 = 80,000 x 12.50% = ₹ 10,000  
(at the rate whichever is lower)

7. Speedy Motors Ltd, an Indian Company, declared Income of ₹ 20 Crores computed in accordance with Chapter IV-D but before making any adjustments in respect of the following transactions for the year ending on 31.03.2017:

- (a) Royalty of \$ 50,00,000 was paid to Fista Ltd for use of technical know-how in the manufacturing of va However, Fista Ltd had provided the same know-how to another Indian Company for \$ 45,00,000. The manufacture of Van by Speedy Motors Ltd is wholly dependent on the use of technical know-how, respect of which Fista Ltd has exclusive rights.
- (b) Loan of Euro 5 Crores with interest @ 10% p.a. advanced by Hughes Ltd, French Company, was outstanding on 31.03.2017. The Total Book Value of assets of Speedy Motors Ltd on the date was ₹ 500 Crores. Hughes Ltd had also advanced similar loan to another Indian Company @ 8% p.a. Total Interest paid for the year was EURO 0.5 Crore.
- (c) 7,000 Vans sold to Hitech Ltd which holds 41% Shares in Speedy Motors Ltd at a price which is less by \$ 100 each van than the price charged from Bento Ltd.

Briefly explain the provisions of the Act affecting all these transactions and compute Taxable Income Speedy Motors Ltd for A.Y.2017-2018 assuming that the value of 1\$ and of 1 EURO was ₹ 65 and ₹ 75 respectively, throughout the year.

**8 Marks**

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**7 (b)** P, a Resident Indian aged 21 years, earned a sum of ₹ 10 Lakhs during the Previous Year 2015-2016 from playing Badminton Matches in a Country with which India does not have Double Taxation Avoidance agreement. Tax of ₹ 2 Lakhs was levied on such income in the source country. In India, he earned ₹ 15 Lakhs during the Previous Year 2016-2017 from playing Badminton Matches. He has deposited ₹ 1 Lakh in Public Provident Fund during the year. Compute his Income Tax Liability for Assessment Year 2017-2018. **8 Marks**

**Answer: 7.a**

Computation of reasonable profits of speedy Motors Ltd:

	Amount (₹)
Income before adjustments	20,00,00,000
Add: Excess royalty [50,00,000 - 45,00,000] x 65	3,25,00,000
Add: Excess Interest [5,00,00,000 x (10% - 8%) ] x 75	7,50,00,000
Add: Differential Price [7000 x 100 x 65]	4,55,00,000
Reasonable Profit	35,30,00,000

Note:

1. Fista Ltd is a deemed associate enterprises as Indian Co. Is wholly dependent on use of know how owned by Fista Ltd.
2. Hughes Ltd is a deemed associate enterprise as it given loan in excess of 51% of book value of total assets of Indian Co. (B.V of fixed assets = 500 Crores / Loan given = 375 Crore)
3. Hitech Ltd is a DAE as it holds 41% shares (Assumed as voting rights)

**Answer: 7.b.**

Calculation of tax liability of P:

	Amount (₹)
Indian Income	15,00,000
Foreign Income	10,00,000
GTI	25,00,000
Less: Deduction u/s 80C	1,00,000
NTI	24,00,000
Tax on ₹ 24,00,000	5,45,000
Ad: Cess @ 3%	16,350
	5,61,350
Less: Relief u/s 91 (WN)	2,00,000
	3,61,350

WN:

$$\text{ITR: } \frac{5,61,350}{24,00,000} \times 100 = 23.389\%$$

$$\text{FTR: } \frac{2,00,000}{10,00,000} \times 100 = 20\%$$

} Whichever is lower so 20%

Relief u/s 91 @20% = ₹ 2 Lakhs

### 8. Answer any four questions

4 × 4 =16 Marks

- Rectification of mistake u/s 154 is always not possible – comment.
- What do you mean by Revision in favour of revenue u/s 263?
- Who can file a settlement application?
- Discuss the composition of bench in case Authority for Advance Rulings.
- What is the scope of Black Money and Imposition of tax Act, 2015?

#### Answer: 8.a.

Mistakes which are and which are not covered under section 154

Incorrect computation of allowable deduction under particular section of the IT Act can be corrected in exercise of powers under s. 154 of the Act. *Birla Bombay (P) Ltd. vs. CIT* (1979) 12 CTR (Bom) 4: (1980) 121 ITR 142 (Bom)

Where it was obligatory on AO to consider provisions of section. 6(1) (a) and section. 6(1)(c) but he considered provisions only s. 6(1) (a), there was apparent mistake which was rectifiable under section. 154. [*Vijay Mallya vs. Asstt. CIT* (2003) 185 CTR (Cal) 233].

while determining amount payable by assessee, having not adhered to method provided in Explanation to s. 140A, same constituted mistake apparent and was rightly rectified by recourse to s. 154. In *CIT vs. Industrial Cables (India) Ltd.* (2009) 310 ITR 351 (P&H).

Sec. 154 does not cover any mistake which may be discovered by a complicated process of investigation, argument or proof *Ved Prakash Madanlal vs. CIT* 1978 CTR (Bom) 309.

The mistake should be a mistake apparent on record and not a mistake which could be discovered by a process of elucidation, argument or debate. The expression 'mistake apparent from record' should not be equated in some aspects with mistake on the face of the record [*Arvind N. Mafatlal vs. ITO* (1957) 32 ITR 350 (Bom) :TC53R.143].

Although the mistake may be a mistake of fact as well as a mistake of law yet it is necessary that it should be a glaring, obvious or self-evident mistake and should not be one which could be discovered by a long drawn process of reasoning or examining arguments on points where there may conceivably be two opinions [*National Rayon Corporation Ltd. vs. G.R. Bhamani, ITO* (1965) 56 ITR 114 (Bom)].

The mistake which can be rectified is one created or made by the concerned authority or one in creation of which the concerned authority had some contribution. Hence if the alleged mistake in the order is attributed to an impression formed by the counsel who had appeared before the authority towards which the authority had done nothing, the alleged mistake would not be one apparent from the record [*Joseph Thomas vs. Agrl. ITO* (1979) 13CTR (Ker) 362.

Grant of relief under a provision of law which does not obviously apply to the facts of the case would attract powers of rectification [*CIT vs. Sundaram Textiles Ltd.* (1984) 43 CTR (Mad) 30. Mere fact that an appeal had not been filed against the original order which was correct and valid when passed would not be a ground for the ITO to refuse to rectify that order when in view of subsequent decisions of jurisdictional High Court on the point involved the original order is shown to suffer from a mistake apparent from the record *Parshuram Pottery Works Co. Ltd. vs. D.R. Trivedi, WTO* (1975) 100 ITR 651 (Guj)].

#### Answer: 8.b

Revision of orders prejudicial to Revenue [Section 263]

The Principal Commissioner or Commissioner may call for and examine the record of any proceedings under the Act, and if he considers that any order passed therein by the Assessing Officer is enormous in so far as it is prejudicial to the interests of the revenue. He may pass such orders thereon as the circumstances of the case justify including an order enhancing or modifying the assessment or cancelling the assessment and directing a fresh assessment. However, he has to

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pass an order only after giving the assessee an opportunity of being heard and after making or causing to be made such enquiry as he deems necessary.

However, the Principal Commissioner or Commissioner can revise the order passed by the Assessing Officer only if he considers that the order passed is prejudicial to the interest of the revenue.

For removal of doubts, it is provided that the Principal Commissioner or Commissioner can revise the following orders also;

(a) an order of assessment made by the Assistant Commissioner / Deputy Commissioner or the Income Tax officer on the basis of directions issued by Joint Commissioner under Section 144A.

(b) an order made by the Joint Commissioner in exercise of the power or in the performance of the functions of Assessing Officer conferred on him under the orders or directions issued by CBDT or Principal Chief Commissioner or Chief Commissioner or Principal Director General or Director General or Principal Commissioner or Commissioner authorised by CBDT under section 120.

### **Answer: 8.c.**

Assessee at any stage of a case relating to him, can make an application to the Settlement Commission to have the case settled by the Settlement Commission.

An application u/s. 245C can be made to Settlement Commission only if the following conditions are fulfilled.

- i. On the date of application the applicant's case, as defined in Sec. 245A(b), is pending before an Income-tax authority.
- ii. The applicant has furnished return(s) of income for the assessment year(s) in respect of which the application is sought to be made.
- iii. The additional amount of Income-tax payable on the income disclosed in the application exceeds ₹ 1,00,000/-.
- iv. If the applicant has made an application in the past, his case is not covered by the circumstances specified in sec. 245K.

### **Answer: 8.d.**

Composition of bench [Section 245-0]

- (i) Central Government shall constitute an Authority for giving advance rulings, to be known as "Authority for Advance Rulings".
- (ii) The Authority shall consist of the following Members appointed by the Central Government, namely :—
  - (a) a Chairman, who is a retired Judge of the Supreme Court;
  - (b) an officer of the Indian Revenue Service who is qualified to be a member of the Central Board of Direct Taxes;
  - (c) an officer of the Indian Legal Service who is, or is qualified to be, an Additional Secretary to the Government of India.
- (iii) The salaries and allowances payable to, and the terms and conditions of service of, the Members shall be such as may be prescribed.
- (iv) The Central Government shall provide the Authority with such officers and staff as may be necessary for the efficient exercise of the powers of the Authority under this Act.

- (v) The office of the Authority shall be located in Delhi.

**Answer: 8.e.**

Scope of the Black Money and Imposition of Tax Act, 2015:

1. The black money Act applies to all persons who are resident and ordinary resident in India.
2. "Undisclosed assets located outside India" means an asset (including financial interest in any entity) located outside India:
  - Held by assessee in his own name or where he is a "beneficial owner"; AND
  - He has no explanation about the source of investment in such asset: OR
  - The explanation given by him is in the opinion of the assessing officer unsatisfactory.
3. "Undisclosed foreign income and assets" means the total amount of undisclosed income of an assessee from a source located outside India and the value of undisclosed assets located outside India.