

INTERMEDIATE EXAMINATION

June 2023

P-7(DTX)
Syllabus 2016

DIRECT TAXATION

Time Allowed: 3 hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

*Wherever necessary, Candidates may make suitable assumption(s)
and state the same clearly in the answer.*

Working notes should form part of the relevant answer.

All questions relate to the Income-tax Act, 1961.

All the questions relate to Assessment Year 2023-24, unless otherwise stated.

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

1. (a) Choose the most appropriate answer:

1×10=10

(i) Harish is proprietor of Harish & Co who acquired a know-how for ₹12 lakh on 15th July, 2022. It was used for manufacture of a new product with effect from 1st January, 2023. How much is the quantum of depreciation allowable on know-how for the assessment year 2023-24?

(A) ₹ 4,80,000

(B) ₹ 3,00,000

(C) ₹ 2,40,000

(D) ₹ 1,50,000

(ii) What heads of income are liable to tax in the hands of registered trade union?

(A) All heads of income except income under the head 'salaries'

(B) Income from other sources

(C) Income from house property and other sources

(D) Capital gains and other sources

- (iii) Ashwin (age 56) a resident individual has total income of ₹57,50,000. How much is the tax liability if he has opted for section 115BAC for the assessment year 2023-24?
- (A) ₹ 17,58,900
- (B) ₹ 16,73,100
- (C) ₹ 15,21,000
- (D) ₹ 15,18,400
- (iv) Richard (age 34) is a foreign citizen who came to India for the first time and stayed for 100 days in the financial year 2022-23. What is his residential status for the assessment year 2023-24?
- (A) Resident and ordinarily resident
- (B) Resident but not ordinarily resident
- (C) Non-resident
- (D) Deemed resident
- (v) What is the maximum limit for deduction in respect of interest on moneys borrowed in the case of self-occupied property?
- (A) ₹1,00,000
- (B) ₹2,00,000
- (C) ₹3,00,000
- (D) ₹1,50,000
- (vi) A sum of unexplained investment of ₹20 lakh was detected in the case of Raj in August, 2022. How much is the amount tax payable on such unexplained investment?
- (A) ₹6,24,000
- (B) ₹12,00,000
- (C) ₹15,60,000
- (D) ₹16,80,000

(vii) Pradeep (age 45) paid ₹30,000 towards health insurance premium for himself and wife. He also incurred ₹39,000 towards medical expenditure for his father, a senior citizen who is not covered by a health insurance policy. How much of the amount is deductible under section 80 D?

- (A) ₹25,000
- (B) ₹50,000
- (C) ₹64,000
- (D) ₹69,000

(viii) Subbu has loss under the head 'house property' of ₹1,10,000 for the assessment year 2023-24. For how many subsequent assessment years such loss is eligible for carry forward for the purpose of set off?

- (A) 4 subsequent assessment years after the year of loss
- (B) 6 subsequent assessment years after the year of loss
- (C) 8 subsequent assessment years after the year of loss
- (D) No time limit

(ix) Trivedi availed loan from SBI of ₹20 lakh for purchase of electric scooter in April, 2022. Interest due on the loan for the previous year amounts to ₹2,10,000. How much is the maximum amount eligible for deduction under section 80EEB?

- (A) ₹ 2,00,000
- (B) ₹ 1,50,000
- (C) ₹ 1,00,000
- (D) ₹ 50,000

(x) Zeenat (age 63) resident in India has ₹ 45,000 as interest on fixed deposits and ₹15,000 as savings bank accounts. How much is eligible for deduction under section 80TTB?

- (A) ₹15,000
- (B) ₹45,000
- (C) ₹50,000
- (D) ₹60,000

- (b) Match the following (sufficient to give the corresponding item in Column 3 for 1; reproducing column 2 and 4 not required) 1×5=5

1	2	3	4
(i)	Assessment status of Municipal Corporation	(A)	₹ 5,00,000
(ii)	Monetary limit for exemption in respect of retrenchment compensation	(B)	Artificial juridical person
(iii)	Monetary limit for exemption in respect of leave salary on retirement	(C)	₹ 1,50,000
(iv)	Maximum limit under section 80CCE	(D)	Local authority
(v)	Assessment status of Bombay University	(E)	₹3,00,000

- (c) State whether the following statements are True or False: 1×5=5

- (i) Advance money for sale of vacant land when forfeited it is taxable under the head 'Other Sources'.
- (ii) Depreciation on motor buses used for carrying employees from home to office and return is eligible for depreciation @ 40%.
- (iii) Municipal tax of ₹20,000 in respect of let out residential building is not deductible when paid in cash.
- (iv) Rent-free official residence provided to Judge of High Court is an exempt perquisite.
- (v) Interest on moneys borrowed for investment in shares is deductible against dividend income up to a maximum of 30% of dividend.

(d) Fill up the blanks:

1×5=5

- (i) Maximum cash payment permissible without disallowance under section 40A(3) when paid for plying, hiring or leasing goods carriages is _____.
- (ii) In the case of goods vehicle (not being heavy goods vehicle) run on hire the presumptive income shall be _____ per month for each vehicle.
- (iii) Loss from speculation business is eligible for carry forward to _____ subsequent assessment years.
- (iv) When a commercial building is constructed for ₹52 lakh by a partnership firm, by making payment to engineer Ram TDS shall be ₹ _____.
- (v) Maximum limit for deduction in respect of NHAI capital gain bonds is ₹ _____.

2. (a) With reasons determine the residential status in the following cases: 3+3+3=9

- (i) Ram an Indian citizen employed in a foreign country came to India on 1st November, 2022 and remained in India up to 5th March, 2023. His total income is ₹27 lakh for the previous year ended 31st March, 2023 which included income in India of ₹15,20,000. He visits India every year for a stay of 125 days. He paid income-tax in respect of his foreign income in the said country.
- (ii) Laxman a foreign citizen (not being a person of Indian origin) came to India for the first time on 20th November, 2022 and remained in India up to 31st March, 2023. His total income is ₹26 lakh for the previous year ended 31st March, 2023 which included income in India of ₹14,50,000.
- (iii) Dr. Bharat an Indian citizen living outside India came to India on 5th April, 2022 and remained in India up to 10th August, 2022. During his stay in India, he earned income of ₹16,50,000. His stay in India was 60 days each in earlier financial years. There is no income-tax in the country in which he is a resident.

- (b) Ramesh employed in ABC Ltd, Kolkata has two properties in India which are always let out. The details are as under:

	Property 1	Property 2
Location	Kolkata	Guwahati
Date of commencement of construction	01.04.2020	01.07.2016
Date of completion of construction	31.12.2022	30.06.2019
Interest on housing loan		
Financial Year 2016-17	--	60,000
Financial Year 2017-18	--	80,000
Financial Year 2018-19	--	70,000
For the period from 01.04.2019 to 30.06.2019	--	30,000
For the period from 01.07.2019 to 31.03.2020		45,000
Financial Year 2020-21	1,40,000	
Financial year 2021-22	1,80,000	
Financial year 2022-23		50,000
From 01.04.2022 to 31.12.2022	90,000	
From 01.01.2023 to 31.03.2023	40,000	

Compute interest eligible for deduction for the assessment year 2023-24.

3. (a) **Sekhar employed as Chief Engineer in Kohli Co Ltd, Mumbai furnishes the following information relating to the financial year 2022-23:**

Basic Salary	₹2,00,000 p.m
Dearness Allowance (forms part of retirement benefit)	₹1,00,000 p.m
Production Commission (annual payment)	₹5,00,000
Bonus	₹3,00,000
Mobile phone bills reimbursed by employer	₹47,000

(used for both personal and official purposes)

Rent-free accommodation provided by the employer. Rent paid to owner by the employer ₹ 4,80,000 for the previous year 2022-23.

Amount of expenditure incurred by employer for 1 week training in Germany for travel, stay and food expenses ₹ 5,00,000.

Contribution of employer to recognized provident fund and approved superannuation fund @12% each of basic salary and DA.

During the year he was transferred to a factory located in Chennai and was provided hotel accommodation from 1st May,2022 to 30th June,2022. The cost of accommodation was ₹ 60,000 per month. He continued to retain his rent-free accommodation at Mumbai during the said period.

He is provided with a motor car (engine cubic capacity exceeds 1.6 litres) for exclusive personal use for the entire previous year. Expenditure towards running and maintenance met by employee. Actual cost of motor car ₹6 lakh acquired on 10th April,2020 by the employer. Actual expenditure incurred by employee during the year ₹51,000.

Compute income from salary of Sekhar for the assessment year 2023-24. Assume that he has opted for section 115BAC.

- (b) **Compute income-tax liability in the following cases on the assumption that the taxpayers have not opted for section 115BAC:** 3+3=6

- (i) Sachin (age 62) resident in India, has (i) business income from textiles of ₹7,40,000; and (ii) income from the business of growing and manufacturing rubber in Kerala of ₹2,00,000.
- (ii) Malik (age 55) resident in India has (i) loss from trade in leathers ₹70,000; and (ii) income from the business of growing and manufacturing tea in India ₹10,00,000.

4. (a) Anil and Sunil are brothers who own a residential building in Delhi which was inherited by them from their father Lalji in the year 1999. It was originally acquired by their father Late Lalji for ₹3 lakh in the year 1990-91. Both Anil and Sunil decided to sell the building for ₹500 lakh on 5th June, 2022 when the stamp duty valuation of the property was ₹540 lakh. They paid 2% of the sale consideration as brokerage. The fair market value of the building (including land) as on 01.04.2001 was ₹20 lakh. After sale, Anil acquired two residential houses for ₹120 lakh and ₹100 lakh in October, 2022. Sunil acquired one residential house for ₹210 lakh in August, 2022. Compute income-tax liability of Anil and Sunil in respect of the sale of residential building and acquisition made subsequently. Assume both have income above basic exemption limit but total income is less than ₹50 lakh. Cost inflation Index : Previous Year 2001-2002 — 100, Previous Year 2022-23 — 331. 7

- (b) **Determine the quantum of deduction under Chapter VI-A in respect of the following cases for the assessment year 2023-24:** 8

- (i) Basu acquired a residential apartment for ₹18 lakh on 16.06.2022 and paid stamp duty of ₹1,08,000 and registration fee of ₹36,000. He also paid ₹7,000 by cash for preventive health check up for himself.
- (ii) Chatterjee on 05.03.2023 subscribed to a life insurance policy whose capital sum assured was ₹12 lakh and annual premium payable being ₹1,60,000. The policy term is 8 years.
- (iii) Tripathi, a self-employed professional contributed ₹40,000 to notified pension scheme (NPS) on 20.02.2023. Also, he paid ₹60,000 towards tuition fees to his son pursuing part-time MBA course in a reputed college.

- (iv) Mukherjee engaged in business paid ₹20,000 through net banking to a recognized political party by way of donation. Also, he gave donation of ₹1,00,000 to National Sports Fund. His total income before computing the above said deductions was ₹8 lakh.

5. (a) Mr. Suraj is engaged in the business of producing and selling of toys. The Profit & Loss account for the year ended 31st March, 2023 shows a net profit of ₹2,58,000 after debiting or crediting the following items:

- (i) Interest on loan ₹2,500 was paid to brother of Suraj for loan taken for payment of advance Income Tax.
- (ii) During the previous year 2018-19 assessee had claimed ₹ 45,000 as bad debt out of which only ₹ 35,000 was allowed. During the previous year, he recovered ₹ 25,000.
- (iii) Contribution of ₹5,000 towards unrecognized provident fund was paid within time.
- (iv) Legal expenses include ₹ 2,000 paid for preparation of income tax return.
- (v) Opening Stock of ₹1,20,000 and Closing Stock of Rs2,00,000. are undervalued by 10%.
- (vi) Gift of ₹ 24,000 was received from a supplier for achieving target sale.
- (vii) Outstanding customs duty ₹ 25,000 has been paid on 31-12-2023.
- (viii) Travelling expenses include ₹50,000 being cost of trip to Singapore by an employee for 10 days. However, only 8 days of trip is useful to business and 2 days has been allowed as holiday to the employee.

A part from above, during the previous year, he came to know that his former employee had embezzled cash of ₹5,000 on 31-03-2022, which was not accounted for.

Compute income under the head "profits and gains from business and profession" of Mr. Suraj for Assessment Year 2023-24. Indicate reasons in brief for treatment of each item.

- (b) Sanket of Cuttack gives you the following information for the previous year 2022-23:

(i)	Loss from let out property in Delhi ₹ 5,20,000
(ii)	Loss from self-occupied property at Nagpur ₹ 1,40,000
(iii)	Income from let out property at Chennai ₹ 80,000
(iv)	Profit from textile trade in Kolkata ₹ 9,80,000
(v)	Loss from trading in securities derivatives (STT paid) ₹ 5,30,000
(vi)	Loss from horse race ₹ 25,000
(vii)	Profit from trade in commodity derivatives (CTT paid) ₹ 80,000.
(viii)	Loss from trading in furniture (discontinued w.e.f. 01.04.2015) relating to assessment year 2015-16 ₹ 50,000 brought forward.

Compute total income giving reasons for set off made or not made and eligible carry forward of losses. 6

6. (a) Nikhil, 40 years has provided following details relating to his income for the previous year 2022-23.

- (a) Income from business ₹ 15,00,000
- (b) Income from saving bank interest ₹ 12,000
- (c) Interest on PPF ₹ 36,000
- (d) Investment in PPF ₹ 1,50,000

You are requested to compute his tax liability and advise him whether he should opt for new tax regime under section 115BAC. 8

- (b) AB & Co is an Association of Persons (AOP) consisting of Adhi (age 65) and Balu (age 37) as members with equal share in the profits and losses. The net profit of AOP was ₹ 6,00,000 before considering the following:

- (i) Interest on capital to members Adhi ₹ 60,000 and Balu ₹ 40,000.
- (ii) Salary of members Adhi ₹ 2,40,000 and Balu ₹ 1,80,000.

Other incomes: Adhi ₹ 2,90,000; Balu ₹ 2,30,000

Compute the income tax liability of AOP; Members Adhi and Balu for the Assessment Year 2023-24. Both Adhi and Balu did not opt for section 115BAC. 7

7. (a) Examine the following transactions in the context of Income-tax Act, 1961:

- (i) Mr. Mandella transferred 300 shares of Beautiful Africa Pvt Ltd. to Nelson Pvt. Ltd. on 12.9.2022 for ₹ 6,00,000 when the market price was ₹ 10,00,000. The indexed cost of acquisition of shares for Mr. Mandella was computed at ₹8,90,000. The transfer was not subjected to securities transaction tax.

Determine the income chargeable to tax in the hands of Mr. Mandella and Beautiful Africa Pvt Ltd. because of the above transaction.

- (ii) Mr. Ramakrishna Hedge is employed in a company with taxable salary income of ₹4,00,000. He received a cash gift of ₹1,75,000 from WE CAN Charitable Trust (registered under section 12AB) in March 2022 for meeting his medical expenses.

Is the cash gift so received from the trust chargeable to tax in the hands of Mr. Ramakrishna Hedge? 4+3=7

(b) Briefly explain the legal provision and decide the applicability of TDS/TCS provisions with quantum of TDS/TCS applicable for the Assessment year 2023-24 in the following cases: 8

- (i) Alps Ltd declared dividend @20% on equity shares of ₹100 each. Ganesh has 500 equity shares in the company.
- (ii) Govind earned insurance commission of ₹ 70,000 from a domestic insurance company.
- (iii) Gokul had acquired 7.75 % Savings (Taxable) Bonds, 2018 for ₹ 1,00,000 for which interest was received for the year being ₹7750.
- (iv) Alok & Co (firm) paid rent of ₹2,70,000 during the year 2022-23 to the building owner.

8. Write short notes on any three of the following:

5×3=15

- (a) Persons not eligible to file updated return
- (b) Compulsory application for allotment of PAN
- (c) Demand Notice under section 156
- (d) Components of actual cost as per ICDS -V

SUGGESTED ANSWERS TO QUESTIONS

1. (a)

- (i) (D)
- (ii) (A/B/C/D)
- (iii) (B)
- (iv) (C)
- (v) (B)
- (vi) (C)
- (vii) (C)
- (viii) (C)
- (ix) (B)
- (x) (C)

1. (b)

- (i) (D)
- (ii) (A)
- (iii) (E)
- (iv) (C)
- (v) (B)

1. (c)

- (i) True
- (ii) False
- (iii) False
- (iv) True
- (v) False

1. (d)

- (i) Rs.35,000
- (ii) Rs.7,500
- (iii) 4
- (iv) Rs. 52,000 or Rs. 1,04,000 or Rs. 5,20,000
- (v) Rs. 50 lakh

2. (a)

(i) **Determination of residential status of Ram**

During the previous year 2022-23, he remained in India for 125 days. Therefore, Ram does not satisfy the first basic condition of section 6(1)(a).

Since he is a person of Indian origin comes on a visit to India, the second condition must be read as stay of 365 days in 4 previous years preceding the previous year 2022-23 and stay exceeding 120 days where the income in India exceeds Rs.15 lakh.

Where the income does not exceed Rs.15 lakh it should be read as 182 days.

His income in India (other than income from foreign sources) exceeds Rs.15 lakh and his aggregate stay in 4 previous years preceding the previous year must exceed 365 days and his stay in previous year 2022-23 must also exceed 120 days to satisfy second basic condition - Clause (b) of Explanation 1 to section 6(1).

His aggregate stay in 4 previous years has exceeded 365 days since it is stated in the question that he stayed for 125 days in every previous year. He satisfies the second basic condition.

Therefore, he is a resident.

Further, as per section 6(6)(c) since he is a person of Indian origin having total income other than income from foreign sources (Indian income) exceeding Rs.15 lakhs and has stayed for more than 120 days but less than 182 days, his status would be resident but not ordinarily resident (RNOR).

(ii) Determination of residential status of Laxman

During the previous year 2022-23, Laxman remained in India for 132 days. Therefore, he does not satisfy the first basic condition of section 6(1) (a).

As regards the second basic condition, since he came to India for the first time in the previous year 2022-23 he does not satisfy the second basic condition also.

Therefore, his status would be non-resident.

(iii) Determination of residential status of Dr. Bharat

During the previous year 2022-23, Bharat remained in India for 128 days. Therefore, he does not satisfy the first basic condition of section 6(1)(a).

Since he has stayed for only 60 days in the earlier financial years, he would not satisfy the second basic condition also (i.e. 365 days in 4 immediately preceding previous years)

However, as per section 6(1A) an individual being a citizen of India having total income other than income from foreign sources (Indian income) exceeding Rs.15 lakh during the previous year shall be deemed to be resident in India in that previous year, if he is not liable to tax in any other country or territory.

Explanation to section 6(1A) says that for the removal of doubts, it is hereby declared that clause (1A) shall not apply in case of individual who is resident under section 6(1).

Therefore, applying section 6(1A) Bharat is a deemed resident in India for the previous year 2022-23 as his income in India exceeds Rs.15 lakhs and he is not liable to tax in any other country by reason of his domicile or residence.

However, as per section 6(6)(d) a person citizen of India who is deemed resident under 6(1A) shall be “resident but not ordinarily resident”. Therefore, the residential status of Bharat shall be “resident but not ordinarily resident”.

2. (b)

Total amount of interest under section 24:-

House – 1: ₹ 1,94,000

House – 2: ₹ 92,000

3. (a)

Gross salary income for the A.Y. 2023-24 = ₹ 50,54,000

3 (b)

(i) Tax liability = ₹ 95,160

(ii) Tax liability = ₹ 16,640

4. (a)

Income Tax liability:-

Anil = ₹ 21,02,672

Sunil = ₹ 39,520

4. (b)

Determination of the quantum of deduction under Chapter VI-A

(i) In the case of Basu:

The stamp duty and registration fee paid for acquisition of residential apartment is eligible for deduction under section 80C. Therefore, the entire amount of Rs. 1,44,000 is deductible.

Rs. 5,000 paid toward preventive health check up by way of cash is eligible for deduction under section 80D.

(ii) In the case of Chatterjee:

Any life insurance policy taken on or after 01.04.2012 where the premium payable on the policy exceeds 10% of the actual capital sum assured, such excess is not eligible for deduction.

In this case, the capital sum assured is Rs. 12 lakh. The premium up to 10% i.e. Rs. 1,20,000 is eligible for deduction under section 80C. The balance amount of premium of Rs.40,000 is not eligible for deduction.

(iii) In the case of Tripathi:

The amount contributed to NPS by an individual is eligible for deduction up to a maximum of Rs. 50,000 only. Since he has contributed only Rs. 40,000 deduction permissible is Rs. 40,000.

Amount paid by way of tuition fees for part-time education is not eligible for deduction under section 80C.

(iv) In the case of Mukherjee:

The amount contributed to a recognized political party is eligible for deduction under section 80GGC @ 100%.

His donation to National Sports Fund is eligible for deduction @100% without any limitation with reference to total income - section 80G(1)(i)(iihg)

5. (a)

Income under the head “profits and gains from business” ₹ 2,84,389

5. (b)

Total Income ₹ 2,80,000

Eligible Carry forward of losses:-

- The balance of loss from house property Rs. (5,20,000 -1,40,000) = Rs. 3,80,000 to be carried forward for set off in subsequent assessment years.
- Loss from horse race Rs. 25,000 is not eligible for set off against other incomes. It is to be carried forward.

6. (a)

Tax Liability (Rounded off u/s. 288B):-

Old Tax Regime = Rs. 2,26,820

New Tax Regime = Rs. 1,98,740

In the instant case, tax liability under alternative tax regime u/s. 115BAC is lower, hence it is advisable to opt for provision of section 115BAC.

6. (b)

Tax liability of AOP = ₹ 33,800

Tax liability of members:-

Adhi = ₹ 17,230 (Round off)

Balu = ₹ Nil

7. (a)

(i) **Transfer of unquoted equity shares for inadequate consideration:**

Any movable property received for inadequate consideration by any person is chargeable to tax under section 56(2)(x), if the difference between aggregate Fair Market Value of the property and consideration exceeds Rs. 50,000.

Thus, share received by Nelson (P) Ltd. from Mr. Mandella for inadequate consideration is chargeable to tax under section 56(2)(x) to the extent of Rs.4,00,000.

As per section 50CA, since, the consideration is less than the fair market value of unquoted shares of Beautiful Africa (P) Ltd., fair market value of shares of the company would be deemed to be the full value of consideration. It is presumed that the shares of Beautiful Africa (P) Ltd are unquoted shares.

The full value of consideration (Rs.10,00,000) less the indexed cost of acquisition (Rs. 8,90,000) would result in a long-term capital gain of Rs.1,10,000 in the hands of Mr. Mandella.

(ii) **Taxation under sec.56(2) (x) of money received from a charitable Trust:**

The provisions of section 56(2)(x) would not apply to any sum of money or any property received from any trust or institution registered under section 12AB.

Cash gift of Rs.1,75,000 received from WE CAN, being a trust registered under section 12AB, for meeting medical expenses and such amount would not be chargeable to tax under section 56(2)(x) in the hands of Mr. Ramakrishna Hedge.

7. (b)

Applicability and quantum of TDS

- (i) In the case of a domestic company declaring dividend tax is deductible at source where the amount of dividend paid exceeds Rs.5,000.

In this case, Ganesh has 500 equity shares of Rs.100 each and for which he received 20% dividend being Rs.10,000. Therefore, tax deductible at source by Alps Ltd @ 10% on the dividend amount of Rs.10,000 being Rs.1000.

- (ii) Insurance company when makes payment of commission, it has to deduct tax at source @5% when the aggregate amount of commission for the financial year exceeds Rs.15,000.

In this case, the commission payment is Rs.70,000. Therefore TDS @5% being Rs.3,500 is deductible on the commission paid to Govind.

- (iii) As per section 193 any interest payable on any security of the Central Government is not liable or tax deduction at source. However, 7.75% Savings (Taxable) Bonds, 2018 is not eligible for such exemption from TDS if the amount of interest exceeds Rs.10,000.

Therefore, on the interest income of Rs.7,750 no tax is deductible at source under section 193.

- (iv) As per section 194-I tax is deductible at source when the aggregate rent paid or payable exceeds Rs.2,40,000. In the case of firm, the turnover in the preceding financial year is not required to be considered.

In this case, Alok & Co (firm) has paid Rs.2,70,000 as rent to the building owner for the previous year 2022-23. Therefore, tax is deductible at source @10% being Rs.27,000.

8. (a)

Persons not eligible to file updated return [section 139(8A)]

A person shall not be eligible to furnish an updated return, where:

- (i) a search has been initiated under section 132 or books of account or other documents or any assets are requisitioned under section 132A in the case of such person; or
- (ii) a survey has been conducted under section 133A [other than section 133A(2A)], in the case of such person; or

- (iii) a notice has been issued to the effect that any money, bullion, jewellery or any other valuable article or thing seized or requisitioned under section 132 or section 132A in the case of any other person belongs to such person; or
- (iv) a notice has been issued to the effect that any books of account or documents, seized or requisitioned under section 132 or section 132A in the case of any other person, pertain or pertains to, or any other information contained therein, relate to, such person, for the assessment year relevant to the previous year in which such search is initiated or survey is conducted or requisition is made and any assessment year preceding such assessment year.

Also, where a person has already furnished updated return cannot file updated return for the same assessment year.

Similarly, where any proceedings for assessment or reassessment or re-computation or revision is pending or has been completed is not eligible to file updated return.

8. (b)

Compulsory application for allotment of PAN: [Section 139A and rule 114]

Any person whose total income exceeds exempted limit ; or

any resident other than individual enters into a financial transaction of an amount aggregating to Rs.2,50,000 or more in a financial year or any person who is the managing director or director, partner or trustee, author, founder, karta, chief executive officer, principal officer of the person referred above must apply for PAN on or before 31st May of the relevant assessment year.

Any person whose sales or turnover or gross receipts are likely to exceed Rs.5 lakhs in any previous year must apply for PAN on or before the end of the relevant financial year.

Any person who is required to furnish a return under section 139(4A) i.e. trust or charitable institution must apply for PAN before the end of the relevant financial year.

Any person who is entitled to receive any sum or income, on which tax is deductible at source must apply for PAN before the end of the relevant financial year.

Any person who requires import export code must apply for PAN before making any import or export.

Any person who is an assessee under GST must apply for PAN before making application for registration under GST.

Any person who intends to enter into specified financial transaction must apply for PAN 7 days before entering into such transactions.

8. (c)

Demand notice under section 156

On completion of assessment, a demand notice is served for additional tax demand raised in the assessment.

The assessee should make payment of amount demanded within 30 days of service of notice.

Where the Assessing Officer has any reason to believe that it will be detrimental to the revenue, if the full period of 30 days is allowed, then he may with the previous approval of the Joint Commissioner direct that the sum specified in the notice of demand shall be paid within such time as may be specified by him in the notice.

If the payment of tax is not made, within 30 days (or the time allowed in the notice), interest, shall be payable at 1% for every month (or part thereof) of the delay.

An assessee who omits to make payment within the time specified in the notice of demand shall be treated as assessee in default and shall be liable to a penalty of an amount not exceeding the amount of tax in arrears.

Where any sum is determined to be payable by the assessee or by the deductor or collector under section 143(1) or section 200A (1) or section 206CB (1), the intimation under those sections shall be deemed to be notice of demand for the purposes of this section.

8. (d)

Components of actual cost – ICDS V

The following shall be the components of actual cost:

- (i) The actual cost of an acquired tangible fixed asset shall comprise its purchase price, import duties and other taxes, excluding those subsequently recoverable, and any directly attributable expenditure on making the asset ready for its intended use. Any trade discount and rebate shall be deducted in arriving at the actual cost.
 - (ii) The cost of a tangible fixed asset may undergo changes subsequent to its acquisition or construction on account of the following;
 - (a) price adjustment, changes in duties or similar factors; or
 - (b) exchange fluctuation as specified in ICDS on the effects of changes in foreign exchange rates;
 - (iii) Administration and other general overhead expenses are to be excluded from the cost of tangible fixed assets if they do not relate to a specific tangible fixed asset;
 - (iv) The expenditure incurred on start-up and commissioning of the project, including the expenditure incurred on test runs and experimental production, shall be capitalized
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