

Name : Aditi Jaiswal

Subject: Tax

Date: 14/10/24

Total marks 22

Ans. to Ques. 1(a)

Q1) PROVISION OF LAW :

- As per Section 6(1) of the Income Tax Act, an Indian citizen leaving India in relevant previous year for employment or as a member of crew of Indian ship is a resident if:
 - he has stayed in India for 182 days or more in the relevant previous year.
- Further, where a person leaves India as a member of crew of Indian ship, the date of departure and date of return as per the Continuous Discharge Certificate are included while calculating number of days of stay.

Q2) ANALYSIS :

- In the given case, Mr. Ramnathan left India as a member of crew ship on 3rd August, 2023 and

retained on 31st December, 2023.

→ His number of days of stay in India are: in FY 2023-24 are:

Months	Days
April, 23	30
May, 23	31
June, 23	30
July, 23	31
Aug, 23	2
Jan, 24	31
Feb, 24	29
March, 24	31
Total Days	182

Period of Exclusion from Stay in India

= From 03.08.2023 To 31.12.2024 =

150 days

Thus, his total number of days of stay in India are 215 days.

(3) CONCLUSION:

→ Applying the provision of law, it is clear that Mr. Ramnathan is a resident in FY 2024-25 because his number of days of stay in India are more than 182 days ($215 > 182$).

Ans. to Ques. 1(b)

(1) PROVISION OF LAW :

→ As per Section 5 of the Income Tax Act,

(a) For a ~~person~~ ^{person} who is a resident and ordinarily resident, his global income is taxable in India;

(b) For a person who is a resident but not ordinarily resident
→ his income which is received / deemed to be received or accrued or arises or deemed to be accrued or ^{arise} ~~arise~~ in India, and

→ his income which accrues ~~of~~ or arises outside India being derived from a ~~business~~ ^{business} or profession controlled or set-up in India is taxable;

(c) For a non-resident, his income received or deemed to be received or accrued or arises or deemed to accrue or arise in India is taxable.

(2) SOLUTION :

→ Applying the provision of law;

(1) Interest on money borrowed from outside India by a Non-Resident for the purpose of business in India, is taxable in India.

(2) Post Office Savings Bank Interest received by a Resident is taxable in India.

(3) Royalty paid by a Resident to a Non-Resident for a business in India, is taxable in India.

(4) Legal Charges paid to a Non-Resident (Lawyer from UK) is arisen in India, thus, it is taxable in India.

4

Ans. to Ques. 2

(a) Resident and Ordinarily Resident

Particulars	₹
(i) Interest from German Bonds	21,000
(ii) Income from agriculture land in Malaysia	51,000
(iii) Income earned from business in Dubai	75,000
(iv) Profit from business in Mumbai	75,000
(v) Interest received from Ashok	35,000
(vi) Dividend from Brown Ltd.	30,000
(vii) Profit from business in Canada	60,000
(viii) Amount received from NRI	8,00,000
(ix) Dividend from Foreign Co.	25,000
(x) Past years untaxed foreign income.	50,000
Gross Income	13,22,000

Note: Income Global income of a person who is resident and ordinarily resident is taxable in India under Section 5.

Ans. to ques. 3

Taxable Salary of Mr. Raman
in AY 2024-25

Particulars	₹
Basic Salary ($80,000 \times 9$)	7,20,000
Bonus	86,000
HRA Taxable (WN-1)	87,000
Employer's contribution to PF ($1,10,000 - 86,400$)	23,600
Uncommuted Pension (WN-2)	24,000
Commuted Pension (WN-3)	3,00,000
Gross Salary	1,90,600
less: Professional tax paid	(2000)
Net Salary	11,88,600

15,89,009

~~1010-1~~

WN-1: HRA

⇒ HRA Received (15000 X 9)	1,35,000
Rent paid	1,20,000
Rent paid over 10% of Salary :	
1,20,000 - 10% of 72,000	
⇒ ₹48,000	
⇒ ∴ HRA exempt	48,000

⇒ <u>HRA taxable</u>	1,35,000
	(-) 48,000
	<u>87,000</u>

WN-2: Uncommuted Pension

Monthly Pension = 8000

$$\text{Uncommuted Pension} = 8,000 \times 3 = \underline{\underline{₹24,000}}$$

WN-3: Commuted Pension

$$\begin{aligned} \text{Commuted Pension} &\Rightarrow 75\% \text{ of } 6,00,000 \\ \text{Exempt portion} &\Rightarrow \frac{1}{3} \text{ of } 4,50,000 \\ &\Rightarrow ₹1,50,000 \end{aligned}$$

$$\begin{aligned} \text{Taxable portion} &\Rightarrow 4,50,000 - 1,50,000 \\ &\Rightarrow \underline{\underline{₹3,00,000}} \end{aligned}$$

Ans. to Ques. 4

Calculation of Profit & Gains
from business of Mr. Singh for
AY 2024-25

Particulars	₹
Net Profit	11,50,000
Add: Donation Donation to Prime Minister's Cancer Fund	1,00,000
Income tax paid	1,00,000
Family planning expenditure on employees	20,000
Provision for Bad Debt	50,000
Employee Contribution deposited	25,000
30% of Interest on Bank Loan	15,000
Less: Addition depreciation	(10,000)
Adjusted business income	14,50,000

15,35,000

[Ans. to Ques. 5]

Computation of Income taxable
u/w. PGIBP for AY 2024-25

Particulars	₹
Net Profit	93,950
Add: Repairs on building (WN-1)	81,000
Interest- (WN-2)	66,000
Amount paid to IIT	1,00,000
Banking Cash	20,000
Traveling	1,30,550
less: IT Refund	21,000 8,100
Interest on Company Deposits	(6,400)
Adjusted business income	4,77,000

218,450

WN-1: Repairs on Building

Total Repairs	1,81,000
Less: allowable deduction	1,00,000
	<u>81,000</u>

WN-2: Penalty Interest.

Total interest paid	90,000
Less: Penalty	(24,000)
Add: Interest to Resident	50,000
	<u>66,000</u>