

ATTEMPT ALL QUESTIONS

Q.1 (a) In the Previous Year 2023-2024, Mr Ramnathan, Indian Citizen, is Vessel Manager in Pacific Ocean Transits Ltd which operates Freight voyage from Mumbai Port (India) to Colombo Port (Srilanka) on regular basis. It does not involve in transit of Passengers.

Mr. Ramnathan, being a Crew Member of Ship, provides you the following information about his voyage during the FY 2023-2024:

(a) Date entered into the Continuous Discharge Certificate (For Joining the ship) - 03.08.2023

(b) Date entered into the Continuous Discharge Certificate (Signing off) - 31.12.2023

(c) On 01.01.2024, he reached his native place of Mumbai and resigned his job.

Is he a Resident or not for the AY 2024-2025? Comment.

(5 Marks)

(b) State with reasons whether the following attract Income Tax in India in the hands of Recipients -

1. Interest on moneys borrowed from outside India ₹ 5,00,000 by a Non-Resident for the purpose of business within India say, at Mumbai.

2. Post Office Savings Bank Interest of ₹ 12,000 received by a Resident Assessee say, Mr. Ram.

3. Royalty paid by a Resident to a Non-Resident in respect of business carried on outside India.

4. Legal Charges of ₹ 5,00,000 paid to a Lawyer of United Kingdom who visited India to represent a case at the Delhi High Court.

(5 Marks)

Q.2 Compute the Gross Total Income in the hands of an individual, if he is (a) a resident and ordinary resident; and (b) a non-resident for the A.Y. 2024-2025.

S.No.	Particulars	Amount ₹
(i)	Interest from German Derivatives Bonds (1/3 received in India)	21,000
(ii)	Income from agriculture land situated in Malaysia, remitted to India	51,000
(iii)	Income earned from business in Dubai, controlled from India (₹ 20,000 received in India)	75,000
(iv)	Profit from business in Mumbai, controlled from Australia	1,75,000
(v)	Interest received from Mr. Ashok (NRI) on loan provided to him for business in India	35,000
(vi)	Dividend from Brown Ltd an Indian Co.	30,000
(vii)	Profit from business in Canada controlled from Mumbai (60% of profit deposited in a bank in Canada and 40% remitted to India)	60,000
(viii)	Amount received from an NRI for the use of know-how for his business in Singapore	8,00,000
(ix)	Dividend received from Foreign Company in India	25,000
(x)	Past years untaxed foreign income brought to India	50,000

(10 Marks)

Q.3 Mr. Pawan, an employee of PQR Co. Ltd at Mumbai and covered by the Payment of Gratuity Act retires at the age of 64 years on 31.12.2023 after completing 33 years and 7 months of service. At the time of retirement, his Employer

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pays ₹ 20,51,640 as Gratuity and ₹ 6,00,000 as Accumulated Balance of Recognised Provident Fund. He is also entitled for a monthly pension of ₹ 8,000. He gets 75% of Pension commuted for Rs. 4,50,000 on 1st February 2024.

Determine the Salary chargeable to tax for Mr. Pawan for the Assessment Year 2024-2025, with the help of the following information -

Basic Salary (₹ 80,000 x 9)	₹ 7,20,000
Bonus	₹ 36,000
House Rent Allowance (₹ 15,000 x 9)	₹ 1,35,000
Rent paid by Mr. Pawan (₹ 10,000 x 12)	₹ 1,20,000
Employer Contribution towards Recognised Provident Fund	₹ 1,10,000
Professional Tax paid by Mr. Pawan	₹ 2,000

Note: Salary and Pension falls due on the last day of each month.

(10 Marks)

Q.4 Mr. Singh is having a Trading Business and his Trading & Profit & Loss Account for the Previous Year 2023-2024 is as under:

Particulars	Amount	Particulars	Amount
To Opening Stock	1,00,000	By Sales	70,00,000
To Purchases	49,00,000	By Closing Stock	50,000
To Gross Profit	20,50,000		
Total	70,50,000	Total	70,50,000
To Salary to Employees (including Contribution to PF)	5,00,000	By Gross Profit b/d	20,50,000
To Donation to Prime Minister Cares Fund	1,00,000		
To Provision for Bad Debts	50,000		
To Bonus to Employees	50,000		
To Interest of Bank Loan	50,000		
To Family Planning Expenditure incurred on Employees	20,000		
To Depreciation	30,000		
To Income Tax	1,00,000		
To Net Profit	11,50,000		

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Total	20,50,000	Total	20,50,000
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Other information:

1. Depreciation allowable ₹ 40,000 as per Income Tax Rules.
2. No deduction of tax at source on payment of interest on bank loan has been made.
3. Payment of Bonus to workers made in the month of October on the occasion of Diwali festival.
4. Out of Salary, ₹ 25,000 pertains to his contributions to Recognized PF which was deposited after the due date but before filing return of Income u/s 139. Further, Employees Contribution of ₹ 25,000 was also deposited after the due date.

Calculate Profit & Gains from Business and Profession of Mr. Singh for the Assessment Year 2024-2025.

(10 Marks)

Attempt Q.5 or Q.5A

Q.5 Following is the Profit and Loss Account of Mr. Q for the year ended 31.03.2024:

Particulars	Amount	Particulars	Amount
To Repairs on Building	1,81,000	By Gross Profit	6,01,000
To Amount paid to IIT, Mumbai for an Approved Scientific Research Programme	1,00,000	By I.T. Refund	8,100
To Interest	90,000	By Interest on Company Deposits	6,400
To Banking Cash Transaction Tax	20,000		
To Travelling	1,30,550		
To Net Profit	93,950		
Total	6,15,500	Total	6,15,500

Following additional information are furnished:

1. Repairs on Building includes ₹ 1,00,000 being cost of laying a toilet roof.
2. Interest payments include ₹ 50,000 paid to a Resident on which TDS has not been deducted and penalty for contravention of Pollution Control Act of ₹ 24,000.

Compute the Income chargeable under the head Profits and Gains of Business or Profession of Mr. Q for the year ended 31.03.2024 ignoring depreciation.

(10 Marks)

OR

Q.5A Mr. Anand is a regular employee of Malpani Ltd in Mumbai. He was appointed on 01-03-2023 in the scale of 25,000-2,500-35,000. He is paid dearness Allowance (which forms part of Salary for Retirement Benefits) @ 15% of Basic Pay, and Bonus equivalent to one and a half month's Basic Pay as at the end of the year. He contributes 18% of his Salary (Basic Pay plus Dearness Allowance) towards Recognized Provident Fund and the Company contributes the same amount.

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He is provided free housing facility which has been taken on Rent by the Company at ₹ 15,000 per month. He is also provided with following facilities:

- (i) The Company reimbursed the medical treatment bill of ₹ 40,000 of his dependent daughter.
- (ii) The monthly salary of ₹ 2,000 of a house-keeper is reimbursed by the Company.
- (iii) He is getting Telephone Allowance @ ₹ 1,000 per month.
- (iv) A Gift Voucher of ₹ 4,700 was given on the occasion of his marriage anniversary.
- (v) The Company pays Medical Insurance Premium to effect an insurance on the health of Mr. Anand ₹ 12,000.
- (vi) Motor Car running and maintenance charged fully paid by Employer of ₹ 36,600. (The Motor Car is owned and driven by Mr. Anand. The engine cubic capacity is below 1.60 litres. The Motor Car is used for both official and personal purpose by the Employee.)
- (vii) Value of Free Lunch provided during office hours is ₹ 2,200.

Note – Assessee opt out of the Default Tax regime.

(10 Marks)

ALL THE BEST