

Your overall performance is good. Revise all your previous topics at least once in a week rather allocate a day in a week for revision and evaluating your performance. This will help you memorize topics and bind out shortcomings in your preparation.

May 2020							June 2020						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
31	4	5	6	7	8	9	7	8	9	10	11	12	13
10	11	12	13	14	15	16	14	15	16	17	18	19	20
17	18	19	20	21	22	23	21	22	23	24	25	26	27
24	25	26	27	28	29	30	28	29	30				

Paper-7

May

FRI

01

Direct tax Laws - Test - 2 (unscheduled)

MCQ's

1. D ✓
2. B ✓
3. D ✓
4. A ✓
5. C ✓

Total marks 38

marks 5

Descriptive

Qn:1:

marks 7

If the Assessee has more than 1 house property and all of them are self-occupied. Then only 2 of such house property shall be declared as self-occupied. The other house property should be declared as "Deemed to be let out".

Here, since Mr. X has 3 HP's which are self-occupied. one property should be declared as deemed to be let out.

The Assessee can declare any property as deemed to be let-out property which is more beneficial to him.

So we can calculate as follows.

Great performance

02

May

SAT

②

S	M	T	W	T	F	S	S	M	T	W	T	F	S
1	2	3	4	5	6	7	8	9	10	11	12	13	14
15	16	17	18	19	20	21	22	23	24	25	26	27	28
29	30	31					26	27	28	29	30	31	

Calculation of each house if it has been declared as deemed to be let out.

Particulars	I	II	III
Gross Annual value (note 1)	100,000	165,000	240,000
Less: Municipal Taxes Paid by landlord X. (note 2)	-	9,200	20,000
Net Annual value	100,000	155,800	220,000

Less: deduction up to 30% of NAV	(30,000)	(46,740)	(66,000)
Interest on loans.	(180,000)	(80,000)	(75,000)
IFHP	(110,000)	29,060	79,000

03 Sunday

rate 1

cal. of GAV.

	I	II	III
A Fair Rent	150,000	175,000	250,000
B Municipal Valuation	120,000	115,000	200,000
C Higher of A or B	150,000	175,000	250,000
D Standard Rent	100,000	165,000	240,000
E Expected Rent [Lower of C or D]	100,000	165,000	240,000

2020

Life began with waking up and loving my mother's face. - George Eliot

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125-241
May 04
MON

Note ②: Municipal taxes actually Paid by land land is allowed as deduction.
 \therefore No dedn for House - I, as no actual payment is made.

House II = $115000 \times 8\% = 9200$
 III = $200,000 \times 10\% = 20,000$

Calculation of each house if is declared as self-occupied.

Particulars	I & II	II & III	I & III
Gross Annual value	-	-	-
Municipal taxes Paid	-	-	-
NAV	-	-	-
Less: dedn u/s 24	-	-	-
30% of NAV	-	-	-
Interest on loan	(2,00,000)	(1,55,000)	(2,00,000)
(Act Interest paid, Subject to Maximum 2L)	(2,00,000)	(1,55,000)	(2,00,000)
1) I & II SO } III DLOP }	$(2,00,000) + 79,000 = (1,21,000)$		
2) II & III SO } I DLOP }	$(1,55,000) - 1,10,000 = (2,65,000)$		
3) I & III SO } II DLOP }	$(2,00,000) + 29,940 = (1,70,940)$		

Since option 2 is beneficial to Assessee,
 Income from House Property = (2,65,000)

Qn. 2

marks 8
Computation of Income of Mr. Babu
for PY 2021-22 Assesed on AY 2022-23

Particulars	₹
Basic Salary (25000×10)	2,50,000
Dearness Allowance ($10,000 \times 10$) (Form part),	100,000
Bonus ($50,000 \times 10$)	500,000
Rent Free Accomodation (note 1)	152,500
Sweeper Salary (1500×10)	15000
Watchman Salary (1500×10)	15000
Notar car Facility (note 2)	27000
Trinitiae club membership Fees (Exempt)	—
Education Facility to children [Exempt, (it is assumed cost of education per child < 1000 p.m.)] keep it up !!!	—
Interest free loan (Housing) ($5L \times 12.25\% \times 6/12$)	30,625
Interest free loan (computer) ($50,000 \times 12.25\% \times 3/12$)	1,906
Less: Standard deduction u/s 16	10,92,031
	50,000
Income from salary	10,42,031

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May 06
WED

note 1

Population of place is assumed to be exceeding 25 Lakhs.

$$\text{Value of RFA} = 15\% \text{ of Salary.}$$

$$(2.5L + 1L + 5L) = 8,50,000 \times 15\%$$

$$1,27,500$$

Furniture

$$10\% \text{ of original cost}$$

$$(3L \times 10\% \times 10/12)$$

$$25000$$

$$152,500$$

note 2 :

Car is used for both official & Personal Purpose. No Information is given regarding who has incurred expenditure, so it is assumed that Employer has met the expenditure.

$$(1800 + 900) \times 10 = 27000$$

07 May
THU

marks 8

March 2020							April 2020						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
1	2	3	4	5	6	7	5	6	7	8	9	10	11
8	9	10	11	12	13	14	12	13	14	15	16	17	18
15	16	17	18	19	20	21	19	20	21	22	23	24	25
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29	30	31											

Q.3 Computation of Capital Gains on slump sale of unit 1

Full value of consideration (note 1) 14,82,500

Less: Expenses on sale (38,000)

Net sale consideration 14,44,500

Less: Net worth (note 2) 11,73,125

LTCG

2,71,375

note 1

1. Building (Stamp duty value) on the date of slump sale

10,00,000

2. Machinery (Book value)

400,000

3. Debtors (Book value)

200,000

4. Patents (Book value)

250,000

18,50,000

Less: Liabilities (

Trade creditors (3.5L x 25%)

(87500)

Bank loan (70% of value)

(280,000)

FMV (1)

14,82,500

FMV of consideration received on slump sale 14,00,000

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129-237
May 08
FRI

Higher of two is considered as full value of
Consideration

i.e. 14,82,500

note: 2

Net worth

Building (excl. reserve)

(13-5)

800,000

Machinery

400,000

Debtors

200,000

Patent

140,625

~~note~~

$$250000 \times 25\% = 62500$$

$$187500 \times 25\% = \underline{46875}$$

$$WDV = 140625 //$$

(-) Liabilities

creditors (25%)

(280,000)

Bank loan (70%)

(87500)

11,73,125

Q.5

marks 5

As per section 159, for making re-assessment of ~~Person~~ Income of deceased person, any proceeding taken against the deceased person before his death shall be deemed to have taken against the legal representative and may be continued against the legal representative from that stage.

If the Assessee dies in pending any proceedings, the AO is required to pass appropriate orders of assessment after the due notice is given to the legal representative of the deceased Assessee.

But here, As continued the Assessment proceedings without ~~going~~ bringing Mr. Nithin the legal Heir, on record by issuing any notice of the proceedings after the death of his Father on 15/01/2021.

Therefore the Contention of the legal representative Mr. Nithin that the order of assessment is bad in law is correct.

Q.4 :

marks 5

This is similar to Judgement of Delhi High Court,

* It states. The Software developed and loaded into the Hardware device and it does not have any Independent Existence

* The software supply is an integral part of GSM mobile Telephone system & is used by the cellular operators for providing cellular services to its customers

10 Sunday

* The Software is embedded in the system and there could not be any independent use of ~~software~~ such software.

You have done this question very nicely

* The Software facilitates the functioning of equipment and is an integral part of Hardware.

Where payment is made for Hardware in which the software is embedded & the software does not have independent functional existence, no amount could be attributed as "Royalty" for software in

People who are crazy enough to think they can change the world, are the ones who do.

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132-234
May 11
9 MON

Terms of Sec. 9(1)(vi)

Sec. 9(1)(vi) says, Income by the way of Royalty payable by a person who is a Non-Resident would be deemed to accrue or arise in India, when the Royalty is payable in respect of any right or services utilized for the purpose of Business or profession carried on by such person in India or from any source in India.

Therefore the ~~Act~~ Action of AO in treating the Consideration for supply of ~~software~~ embedded in hardware as Royalty u/s 9(1)(vi) is not correct.