

RTP Summary of Last 4 attempts

➤ Nov 2023:

✚ MCQ Part:

- Survey can be conducted at any time not only during business hours.
- With respect to survey, Procedure of **148A h** has to be followed for issuing notice u/s 148.
- For **TDS/TCS Survey**, AO cannot retain information.
- For Co-operative society, Section 80P specifies that interest from Investments in other Co-operative society is allowed as deduction.
- **Section 80P** is not available if Co-operative society is engaged in Banking Business.
- Tax rate of AMT for Co-operative Society is 15%.
- For **Section 194R**, Overstay cost of one day before is allowed to dealer only (For Spouse no days allowed) & Leisure expense not allowed for anyone. Here, not allowed means the value is to be considered for benefit/perquisite calculation of 194R.
- For trust having **specified Income** taxable @ **30%**.
Specified Income: Investments other than 11(5), Donors is donated for > 50,000 then income applied becomes specified income, By Trustee of Trust, Donation given by amount set apart.
- Always remember, Penalty & Prosecution does not comes together they come single handedly with Interest.
- **Section 94(7), Dividend Stripping**: If Unit of which dividend is exempt purchased 3m before record date & sold 9m after record date the loss on transfer is Ignored upto amount of dividend.

✚ Questions Part:

- Interest arrears settled by issuing debentures is not allowed under PGBP.
- Expense on **CSR activities** is not allowed u/s **37(1)**.
- Contribution **upto 10% of Salary (Basic + DA)** forms part of retirement benefits & allowed as deduction.
- Brought Forward unabsorbed depreciation is not allowed whenever company has opted 115BAA.
- **Deduction u/s 80M** in respect of dividend distributed is restricted to the amount of dividend received from foreign/domestic company.
- **Section 206C(1A)** is applicable only on manufacturing & not on trading.
- For **Section 194Q**, if in PFY company is incorporated and the buyer condition of turnover is not fulfilled then TDS is not applicable.
- **TDS u/s 194H** will be deducted on both standard commission & supplementary commission.
- For **Section 139(8A)** Updated Return, **timelimit is 2 years** from Original ROI filed. Assessee has to pay additional **income tax @ 25%** if filed within 12m with interest u/s 234B/234C.
- Brought forward business loss & unabsorbed depreciation cannot be setoff against undisclosed income.
- UN Model Convention applies **Force of Attraction Rule** while OECD Model Convention does not.
Force of Attraction Rule: As per this rule Income earned by the enterprise through PE in India is taxable in India. Also, The Income earned by the enterprise outside India for sale to Indian Customers is taxable in India. PE has no role to play in this case.
- **Other Normal Points in RTP:**
 - 206C(1F)
 - Section 9
 - Equalisation levy.

➤ **May23:**

✚ **MCQ Part:**

- **Section 115BBH:** Loss of Virtual Digital Assets cannot be setoff against other source of income nor it cannot be carried forward to succeeding AY.
- If Trust does not gets account audited, then both capital expenditure & amount donated would not be allowed.
- **Penalty of 271AAE** on trust: If Income applied for benefit of such persons referred u/s 13(3), if violation noticed for first time **then 100% penalty**. If again in any subsequent year **then 200%**.
- Tax is deducted on whole consideration & consideration includes club membership fees, car parking fees.
- **TDS u/s 194R** is not deducted on issue of bonus shares & sales discount to customers.

✚ **Questions Part:**

- **Section 68:** If Assessee is found to credit in books any income about which no source or explanation provided then such income shall be deemed to income of the assessee of that PY.
Taxability **u/s 115BBE** i.e. (60% + 25% + 4% = **78%**)
- Explanation **3C to 43B**, If any Interest payable by assessee on any loan by PFI and such loan is converted into debenture or any other instrument due to which liability to pay is deferred to a future date then such Interest shall not be treated as actually paid & shall not be allowed.
- Section **139(1)(b)**, If individual is required to file return if his total income w/o giving effect to deductions i.e. Chap VI-A and Section 10AA exceeds basic exemption limit. However, if income is less than basic exemption and T/O exceeds 60 L then Return has to be filed.
- Timelimit for issuing **notice u/s 132** : 3 years. If income escaped assessment for 50L or more than 10 years from end of RAY.
- **Section 80P** is available on business attributable to activity of marketing of agricultural produce grown by its members.
- Payment for obtaining know how of product is capital expenditure i.e. an intangible asset and eligible for depreciation.
- **Loss of hedging contract** against future price fluctuations in respect of import of raw material is not deemed as speculative transactions. Hence, allowed. (Not on machinery imported from o/s India).
- Advance Forfeited is not an PGBP income it's an IOS Income.
- Provision of scientific research services is covered under scope of International transactions & TP Provisions will apply.
- **Other Normal Points:**
Section 115A
Transfer Pricing
DTAA
80JJAA

➤ Nov22:

✚ MCQ Part:

- Maturity proceeds u/s 10(10D) for ULIP is exempt if premium payable for any AY does not exceeds 2.5 Lakhs. For others, if policy issued on or after 1-4-2012 then threshold for premium is 10% of sum assured.
- Above 2.5 L limit has to be seen for policies issued on or after 1-2-2021.
- Section 45(1B) provides that where a person receives an amount under (ULIP), to which exemption under Section 10(10D) does not apply, any profits arising from such receipt shall be chargeable to tax under the head capital gains. Taxability : Amount received - Amount of premium paid.
- TDS u/s 194DA: If payment > then 1 L @ 5%. No TDS if maturity exempt u/s 10(10D).
- Anonymous donations to trust u/s 115BBC to be taxed @30%.
- As per clarifications by CBDT, TCS is not applicable on goods purchased by buyer for manufacture of any product or power generation and buyer submitted declaration.
- If search is conducted u/s 132 then AO must issue copy of order u/s 148A along with notice of 148. However, if survey is conducted then such copy of order is not necessary.

✚ Questions Part:

- For Section 35AD, Interest is allowed to the extent of 12% and remaining would be disallowed.
- Interest on borrowing paid to bank upto date when machinery is installed and put to use is capitalized to the cost of asset.
- Salary for installation of machinery is part of actual cost.
- Deduction u/s 80M, is allowable even if company has opted for 115BAA.
- Dividend income is not taxable in hands of unitholder if SPV has not exercised the option u/s 115BAA. However, interest income is taxable in hands of Unit holders.
- If STCG is taxable at MMR i.e. 42.744% in hands of REIT then no tax liability shall arise for assessee having such income.
- Business Income received by a unit holder of an investment fund is not taxable for unit holder.
- Provisions of section 194Q, shall not apply in year of incorporation.
- For regular assessment u/s 143(3), notice u/s 143(2) is mandatory. For applicability of section 292BB, notice must have been served on the assessee and if the assessee has participated in any proceedings then Assessee shall not be allowed from taking any objection.
- DRC would resolve any dispute arising from any variation in the specified order. Here, specified order includes an assessment order passed u/s 143(3), where aggregate of total variations does not exceed 10 Lakhs & Total Income as per such return does not exceed 50 Lakhs and such order is not based on any search/survey/requisition/information by dept.
- Consideration for use of computer software is not royalty as per meaning in DTAA & Consideration for the purpose of equalisation levy would not include the consideration which are taxable as Royalty/FTS.
- Rental Income is considered as GAV in absence of any information.
- Other Normal Points:
 - DTAA,
 - Securitization trust
 - TCS
 - Equalisation Levy.

➤ May22:

✚ MCQ Part:

- Refer Section 9B and 45(4) discussion from Capital Gains video.
- TDS u/s 194Q and TCS u/s 206C(1H) combined applicability.
- Slump Sale discussion from Capital Gains video.
- Unconditional accumulation by trust will not be eligible for benefit of exemption unless it invests such amount in prescribed modes.
- Amount withdrawn from post office savings bank cannot be treated as application of money.

✚ Questions Part:

- For **Section 80JJAA**, Limit of **25,000** emoluments & **240 days** employment. (**Yaad Rakhna dost**)
- For exemption u/s **10(23C)(iiiad) & 10(23C)(iiiiae)**, institution would not be eligible for exemption if threshold of 5 crores is crossed. The receipts are to be checked combined of university & hospital. In such cases Institution has to make application to Principal Commissioner or Commissioner.
- No setoff or deduction or allowance of any excess application money of Preceding PY shall be allowed.
- Application for charitable purposes from a loan or borrowing shall not be treated as application of income for charitable purposes. It would be treated as application of money when the loan is repaid and to the extent of such repayment.
- **Section 206C(1G)** TCS to be collected for **LRS remittance @5%** in excess of 7 Lakhs.
- Binding provision of advance ruling shall apply from application made on or after 1.09.2021. Where any assessee aggrieved by such ruling may appeal to High Court within 60 days from date of communication of that ruling.
- Dividend on GDRs of an Indian Company purchased in foreign currency is taxable **@10% u/s 115AC**.
- Where an assessee is a resident of two contracting states then tie breaker rule needs to be applied to determine the single state of residence.

Tie breaker rule:

- *Permanent Home (Dwelling place available to him)*
- *Personal & Economic relations (centre of vital interest lies) (Family & Social Relations)*
- *Habitual abode (Both places permanent home or no permanent home in both)*
- *Nationality (Resident of Contracting State)*
- *Competent Authority (If National of both states then authorities to consider the matter)*

ALL THE BEST!!

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Youtube Channel Link: https://youtube.com/@cadhrubansal?si=PMr_DG7K-uIV3bg