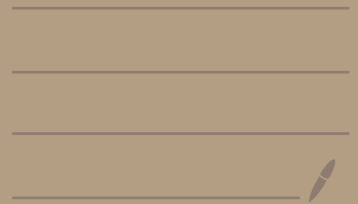


CA FINAL

RTP

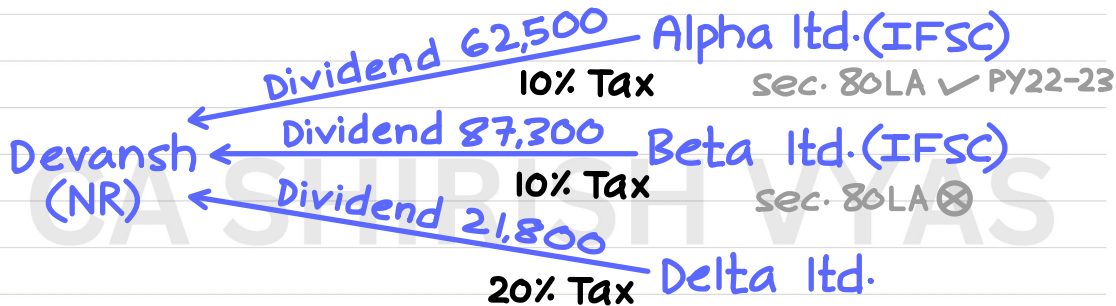
MAY 25

CA Shishish Vyas



Case I

CA FINAL - DIRECT TAX - CA SHIRISH VYAS



Int. exp. on loan to invest ⊗

Phi Ltd. (IFSC) — Aircraft Leasing

Dividend Ex. 10(34B)

Gamma Ltd. (IFSC) — Aircraft Leasing

Devansh (NR)

Ex. 10(15)
Int. Income
For. Curr. Loan

Int. Income
Deposit
Ex. 10(15)

Bank (IFSC)

As per recent CG Notification

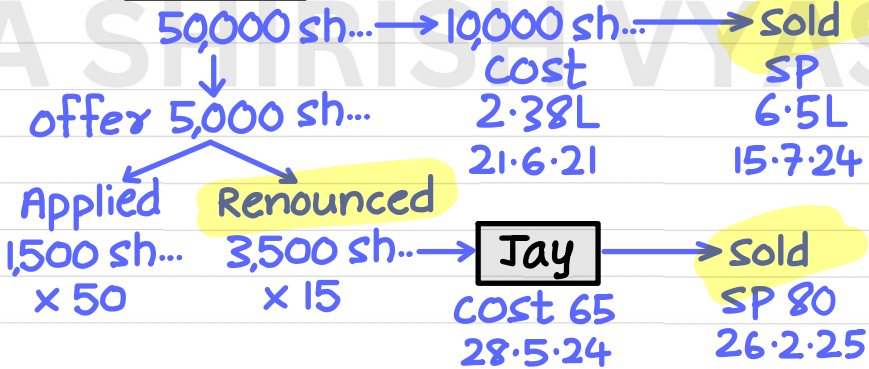
Many payments to
IFSC units claiming dedn. u/s 80LA
are exempt from TDS
(during 80LA period)

Case II

ABC Ltd.

Rights issue 1:10

↓
Sahil



XYZ Pvt. Ltd.

Issue 12-13 [FV 10 IP 20]

Buy Back 80,000 sh. (14.12.24) @ 160 per sh.

Sahil

BB 6,250 sh.
Cost (28.5.22)
36.80 per sh.

Rahul

→ IFS 12,42,000
BB 250 sh.
Inherited
Cost (24.5.20)
10 per sh.

IFS

IFHP

IFB

CG

- LTCG 1,82,000 (4,12,000 - 2,30,000)

- STCG 52,500

IFOS (DD) 10,00,000 (6,250 x 160) 2(22)(F)

GTI/NTI 12,34,500

$$\begin{array}{r} 1,82,000 \\ - 1,25,000 \\ \hline 57,000 \times 10\% \\ = 5,700 \end{array}$$

10,52,500
Slab
Rates

$$57,875 = 63,575 + \text{HEC}$$

$$\approx 66,120$$

COMP. OF CG

(Sale of original shares)

FVOC (SP)	6,50,000
less: COA	<u>-2,38,000</u>
LTCG	<u>4,12,000</u>

COMP. OF CG

(BB of shares)

FVOC	Nil
less: COA	2,30,000
	(6,250 x 36.80)
LTCL	<u>(2,30,000)</u>

COMP. OF CG

(Sale of "Rights")

FVOC (3,500 sh. x 15)	52,500
less: COA	<u>Nil</u>
STCG	<u>52,500</u>

Jay

IFS 4,25,000

IFHP —

IFB —

CG (STCG u/s 111A) 52,500 $[3500 \times (80 - 65)]$

IFOS —

GTI/NTI 4,77,500

$$\begin{array}{r} 52,500 \\ \times 20\% \\ \hline 10,500 \end{array}$$

$$\begin{array}{r} 4,25,000 \\ \text{slab Rt.} \\ \hline 8,750 \end{array}$$

$$\begin{array}{r} \text{┌───────────┐} \\ \text{19,250} \\ \text{└───────────┘} \end{array}$$

$$\begin{array}{r} -12,500 \\ \hline \end{array}$$

$$6,750 + \text{HEC} = \boxed{7,020}$$

Rahul

IFS 12,42,000

IFHP —

IFB —

CG —

IFOS (DD) 40,000

[LTCL 2,500 c/f]

[250 sh. x 160 per sh.]

12,82,000↓
Tax (Slab Rt.) 96,400

+ HEC

1,00,256

- 4,000 TDS

96,25696,260

14

STATEMENT OF TOTAL INCOME

Particulars		Amt.
* Income from Salaries		Nil
* Income from HP [5,30,000 – 30%]		3,71,000
* Income from Business [Note 1]		92,46,000
* Capital Gains [FVOC 58 L – Cost 50 L]		8,00,000
* <u>Income from Other Sources:</u>		
Rent from Vacant land		2,55,000
Interest on I.T. Refund		48,000
Dividend	6,00,000	
<u>Less: Deduction u/s 57</u>		
⇒ Interest on loan [max.20% of 6 L]	- 1,20,000	4,80,000
GROSS TOTAL INCOME		1,12,00,000
<u>Less: Dedn. under Chapter VI A:</u>		
→ <u>Sec.80M:</u> Dividend distributed		- 4,80,000
NET TAXABLE INCOME		1,07,20,000

STATEMENT OF TAX

	ST 111A	LT 112A	LT	Win.	Balance
Net Taxable Income	Nil	Nil	8 L	Nil	99,20,000
Tax on above	Nil	Nil	1 L	Nil	21,82,400
					22,82,400
<u>Add: Surcharge @ 10%</u>					+ 2,28,240
					25,10,640
<u>Add: HEC @ 4%</u>					+ 1,00,426
Tax payable					26,11,070

Note 1:**STATEMENT OF INCOME FROM BUSINESS**

Particulars	₹	₹
Net Profit as per P & L A/c		1,07,00,000
Add: Disallowed Expenses:		
Depn as per books	11,86,000	
Donation to Swachh Bharat Kosh	85,000	
Excess contribution to NPS [1,90,000 – 14% of 10 L]	50,000	
Bonus to employees – Sec.43B [Not paid up to due date of return]	4,48,000	
Provision for Income tax [12,00,000 x 15%]	4,20,000	
Contribution/Donation for research	1,00,000	
Interest on loan to invest in shares	1,50,000	+ 24,39,000

<u>Less: Non-business incomes:</u>		
Rent from Vacant land	2,55,000	
Rent of Commercial property	5,30,000	
Interest on I.T. Refund	48,000	
Profit on sale of plot	8,00,000	
Dividend	6,00,000	- 22,33,000
<u>Less: Unrecorded Business Exps:</u>		
Depn as per I.Tax [18 L – 25% of 5 L EPABX]	16,75,000	
Audit fees of PY 23-24 [TDS deposited in 24-25 – 30% of 1 L]	30,000	- 17,05,000
<u>Add: Unrecorded Business Income:</u>		
O/s Exp of 23-24 – paid in 24-25 in cash		+ 45,000
TAXABLE INCOME FROM BUSINESS		92,46,000

STATEMENT OF TOTAL INCOME

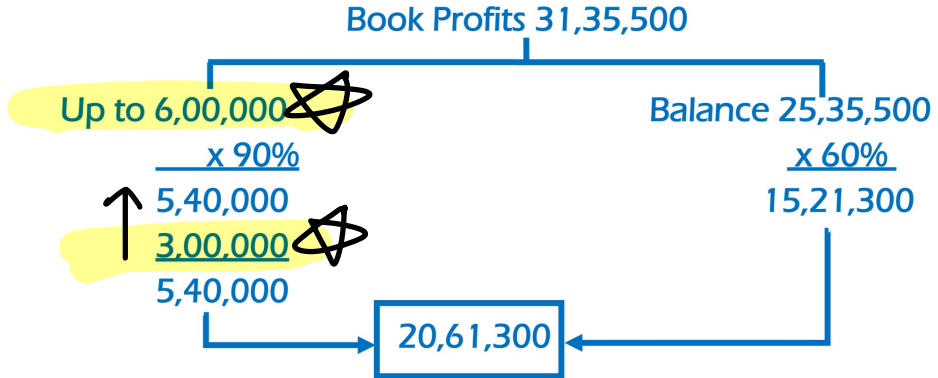
Particulars		Amt.
* Income from Salaries		Nil
* Income from HP		Nil
* Income from Business [Note 1]		10,74,200
* Capital Gains		Nil
* Income from Other Sources		Nil
GROSS TOTAL INCOME		10,74,200
<u>Less: Dedn. under Chapter VI A:</u>		
→ <u>Sec.80GGC:</u> Donation to PP		- 70,000
NET TAXABLE INCOME		10,04,200

Note 1:**STATEMENT OF INCOME FROM BUSINESS (of P. Firm)**

	Amt.	Amt.
N.P. as per P/L		4,50,000
<u>Add: DISALLOWED EXPENSES:</u>		
Donation to political party	1,50,000	
Depn as per books	1,10,000	
Int. on P.Cap (6%) [3,60,000 x 6/18]	1,20,000	
Remuneration to partners (82,000 pm x 10m x 3)	24,60,000	
Excess rent to partner [Sec.40A(2)]	1,26,000	+ 29,66,000
		34,16,000
<u>Less: NON-BUSINESS INCOMES:</u>		—

<u>Less: U B E:</u>		
Depn. As per I.Tax (2,43,000 + 3 L x 25% x 1/2)		- 2,80,500
		31,35,500
<u>Add: U B I:</u>		
BOOK PROFITS		31,35,500
<u>Less: Ded. for Partners' Rem...:</u>		(20,61,300)
↓ 1) Actual Remuneration to WP	24,60,000	
↓ 2) Limit u/s 40(b) (Note.1)	20,61,300	
TAXABLE INCOME FROM BUS..		10,74,200

Note 1: Limit u/s 40 (b):



17

Amit

BC (cost 60L)

Sale

1.12.24

CG

Half

Sold

SP 28L

NFT (cost 10L)

Sushil

Gift

16.8.24

NFT (FMV 5L)

Sale

1.12.24

CG

Sold

SP 6.5L

(cost 4.5L)

IFOS

STATEMENT OF TOTAL INCOME

Particulars		Amt.
* Income from Salaries		Nil
* Income from HP		Nil
* Income from Business		Nil
* Capital Gains [Note 1]		1,50,000
* <u>Income from Other Sources:</u>		
Gift of Virtual Digital Asset [NFT]		5,00,000
Other income		6,50,000
GROSS TOTAL INCOME		13,00,000
<u>Less: Dedn. under Chapter VI A</u>		Nil
NET TAXABLE INCOME		13,00,000

STATEMENT OF TAX

	ST 111A	LT 112A	LT	VDA	Balance
Net Taxable Income	Nil	Nil	Nil	1.5 L	11,50,000
Tax on above	Nil	Nil	Nil	45,000	1,57,500
				(30%)	↓ 2,02,500
<u>Add: Surcharge</u>					Nil
<u>Add: HEC @ 4%</u>					+ 8,100
					2,10,600
<u>Less: TDS u/s 194S</u>					
Bitcoin - 28 L x 1%					- 28,000
NFT - 6.5 L x 1%					- 6,500
Tax payable					1,76,100

COMPUTATION OF CAPITAL GAINS (Sale of Bitcoin)

	₹
Full Value of Consideration	28,00,000
Less: Transfer Expenses	Not allowed
Net Consideration	28,00,000
Less: Cost of Acquisition (60 L / 2)	- 30,00,000
Short Term Capital Loss (Cannot be set-off)	(2,00,000)

COMPUTATION OF CAPITAL GAINS (Sale of NFT)

	₹
Full Value of Consideration	6,50,000
Less: Transfer Expenses	Not allowed
Net Consideration	6,50,000
Less: Cost of Acquisition (FMV on the date of Gift)	- 5,00,000
Short Term Capital Gains	1,50,000

18

TDS u/s 195 @ 30%

Int. on P.Cap.

m/s PAL & CO.

Vivek (partner) NR

Share in Profit

Ex. No TDS

FTS

Vikas NR

TDS u/s 195 @ 30%

CA SHIRISH VYAS

Sec. 195(6) - Rule 37BB

Furnish Info. relating
to payments to FC/NR
in prescribed form
(whether taxable or not)

19

Bhuvan $\xrightarrow[\text{320,000}]{\text{cash purchase}}$ Srinivas
 Exp. disallowed u/s 40A(3) $(\geq 2L)$ Penalty u/s 271DA

Bhuvan $\xrightarrow[\text{180,000}]{\text{cash purchase}}$ Srinivas
 Exp. disallowed u/s 40A(3) $(< 2L)$ No Penalty u/s 271DA

Bhuvan $\xrightarrow[\text{140,000}]{\text{cash purchase}}$ Srinivas
 Exp. disallowed u/s 40A(3) $(< 2L)$ No Penalty u/s 271DA

STATEMENT OF TOTAL INCOME

20

Particulars	Amt.
* Income from Salaries	Nil
* Income from House Property	Nil
* <u>Income from Business</u>	
→ Concerts in India	10,00,000
→ Concerts in Country "M" [CMD 12,245 x 80 – Year end rate]	9,79,600
→ Royalty from Country "N" [CND 10,000 x 79 – Year end rate]	7,90,000
* Capital Gains	Nil
* <u>Income from Other Sources:</u>	
→ Interest on Bank FD	4,00,000
→ Interest on Savings bank A/c	25,000
GROSS TOTAL INCOME	31,94,600
<u>Less: Deduction under Chapter VI A:</u>	
→ Sec. 80C: Deposit in PPF	- 1,50,000
→ Sec. 80D: Mediclaim Insurance Premium [Addl. Dedn 25,000 for SC + Basic Dedn 25,000]	- 50,000
→ Sec. 80TTB: Interest on FD and Savings Bk A/c	- 50,000
NET TAXABLE INCOME	29,44,600

CA



S

STATEMENT OF TAX

	ST 111A	LT 112A	LT	Win	Balance
Net Taxable Income	Nil	Nil	Nil	Nil	29,44,600
Tax on above (Slab Rt)					6,93,380
<u>Add: SC</u>					+ Nil
					6,93,380
<u>Add: HEC @ 4%</u>					+ 27,735
					7,21,115
<u>Less: Relief u/s 91 (Note 1)</u>					- 2,00,000
<u>Less: Relief u/s 90 (Note 2)</u>					- 78,000
Tax Payable					4,43,115
Tax Payable [Rounded]					4,43,120

Note 1:

Since India does not have DTAA with Country "M", the assessee will get unilateral relief u/s 91 as follows:


$$\begin{aligned} \Rightarrow \text{Amount of Relief} &= \text{Doubly Taxed Income} \times \begin{matrix} \text{Avg. Indian Tax Rate} \\ \text{or} \\ \text{Avg. Foreign Tax Rate} \\ \text{[whichever is less]} \end{matrix} \\ &= 9,79,600 \times \begin{matrix} 24.489\% \text{ or } 20.416\% \\ \text{[whichever is less]} \end{matrix} \\ &= 9,79,600 \times 20.416\% \\ &= \mathbf{2,00,000} \end{aligned}$$

*Avg. Indian Tax Rate = Total Tax / Net Taxable Income
= 7,21,115/29,44,600 = 24.489%

*Avg. Foreign Tax Rate = Total Foreign Tax/Total Foreign Income
= CMD 2,500 / CMD 12,245 = 20.416%

Note 2:

Since India has DTAA with Country "N", the assessee will get bilateral relief u/s 90 as follows:

- 
- 1) Doubly Taxed Income x Avg. Indian Tax Rate
= 7,90,000 x 24.489% = ₹ 1,93,463
 - 2) Actual tax paid in Foreign Country "N"
= CND 1,000 x ₹ 78 = **₹ 78,000**

21

Since Manan's stay in India in **PY 2024-25** is **182 days or more**, he is a **resident**. However, his stay in India **in past** is **only 60 days**. Accordingly, his stay in preceding 7 years is not 730 days or more and he was not resident in any of the preceding 10 years. Hence, he is **resident but NOR**.

STATEMENT OF TOTAL INCOME

Particulars	Amt.
* Income from Salaries	Nil
* Income from HP [Accrued & Recd in Foreign]	Not taxable
* Income from Business [in India]	12,50,000
* Capital Gains	50,00,000
* Income from Other Sources:	Nil
GROSS TOTAL INCOME	62,50,000
Less: Deduction under Chapter VI A	Not allowed
NET TAXABLE INCOME	62,50,000

STATEMENT OF TAX

	ST 111A	LT 112A	LT	Win	Balance
Net Taxable Income	Nil	Nil	50 L	Nil	12.5 L
Tax on above	Nil	Nil	6.25 L (Note 2)	Nil	90,000 (Note 1)
<u>Add: SC @ 10%</u>					7,15,000 + 71,500
<u>Add: HEC @ 4%</u>					7,86,500 + 31,460
Tax Payable					8,17,960

Note 1

upto 3L	0%	0
3L to 7L	5%	20,000
7L to 10L	10%	30,000
10L to 12L	15%	30,000
12L to 12.5L	20%	10,000

Note 2: Tax on LTCG [immovable property]

Since the assessee is a resident who **purchased** immovable property **before** 23/7/24 and **transferred** it **after** 23/7/24, he has an option to pay:

- 1) **20%** Tax on LTCG [**with indexation**] or
 - 2) **12.5%** Tax on LTCG [**without indexation**]
- Whichever is less

COMPUTATION OF TAX ON LTCG

	With Indexation	Without Indexation
FVOC (SP)	80,00,000	80,00,000
<u>Less:</u> Cost of Acquisition	- 32,90,030 (30L x 363/331)	- 30,00,000 (No Index)
LTCG	47,09,970	50,00,000
Tax on above	9,41,994 (@20%)	6,25,000 (@12.5%)