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**CA FINAL (May 2026)**  
**GROUP II – PAPER 4**  
**DIRECT TAX LAWS & INTERNATIONAL TAXATION**  
**(Series 2)**

**Time Allowed: - 3 Hours**

**Maximum Marks: 100**

**This question paper comprises two parts, Part I and Part II.**  
**Part I comprises MCQ & Part II comprises questions which require descriptive answers.**  
**All questions relate to A.Y. 2026-27 unless stated otherwise in the question.**

**PART – I (MCQs)**  
**All MCQs are compulsory**

**Question no. 1-15 carry 2 marks each**

**Case Study 1**

A business trust, registered under SEBI (Real Estate Investment Trusts) Regulations, 2014, gives particulars of its income for the P.Y. 2025-26:

- (i) Interest income from Z Ltd. – ₹ 10 lakh;
- (ii) Dividend income from Z Ltd. – ₹ 5 lakh;
- (iii) Short-term capital gains on sale of listed shares (STT paid both at the time of purchase and sale) of Indian companies – ₹ 4 lakh;
- (iv) Short-term capital gains on sale of developmental properties – ₹ 8 lakh
- (v) Interest received from investments in unlisted debentures of real estate companies – ₹ 1 lakh;
- (vi) Rental income from directly owned real estate assets – ₹ 20 lakh

Z Ltd. is an Indian company in which the business trust holds 100% of the shareholding. Z Ltd. does not opt to pay tax under section 115BAA.

Assume that the business trust has distributed the entire ₹ 48 lakh to the unit holders in the P.Y. 2025-26 in the month of March, 2026. Mr. X is a resident holder holding 100 units and Mr. Y is a non-resident holder holding 500 units. The total number of units subscribed to by all unit holders is 5,000.

**From the information given above, choose the most appropriate answer to following questions -**

- 1. In respect of the component of interest income from Z Ltd. distributed by the business trust to unit-holders X and Y -**
  - (a) No tax is deductible by the business trust, since such income is not taxable in the hands of unit holders
  - (b) Tax is deductible@5% on ₹ 20,000 distributed to Mr. X and @5.2% on ₹ 1 lakh distributed to Mr. Y
  - (c) Tax is deductible@10% on ₹ 20,000 distributed to Mr. X and @5.2% on ₹ 1 lakh distributed to Mr. Y

- (d) Tax is deductible@10% on ₹ 20,000 distributed to Mr. X and 10.4% on ₹ 1 lakh distributed to Mr. Y
- 2. In respect of short-term capital gains of ₹ 4 lakh on sale of listed shares of Indian companies and ₹ 8 lakh on sale of developmental properties -**
- (a) The business trust is liable to pay tax@15.6% and 34.944%, respectively
- (b) The business trust is liable to pay tax@42.744%
- (c) The business trust enjoys pass through status and hence, it need not pay any tax on such short-term capital gains; such income is subject to tax in the hands of unit-holders
- (d) The business trust is liable to pay tax@15.6% and 42.744%, respectively
- 3. The dividend component of income from Z Ltd., distributed to unit-holders X and Y -**
- (a) would be subject to distribution tax in the hands of Z Ltd., hence exempt in the hands of the business trust and the unit holders
- (b) is exempt in the hands of the business trust, since the trust enjoys pass through status in respect of such income; such income is taxable in the hands of the unit-holders X and Y
- (c) is taxable in the hands of the business trust; hence, exempt in the hands of the unit-holders
- (d) is exempt in the hands of the business trust and in the hands of the unit holders
- 4. If Z Ltd. exercises option under section 115BAA, then, the dividend component of income from Z Ltd., distributed to unit-holders X and Y-**
- (a) would be subject to distribution tax in the hands of Z Ltd., hence exempt in the hands of the business trust and the unit holders
- (b) is exempt in the hands of the business trust, since the trust enjoys pass through status in respect of such income; such income is taxable in the hands of X and Y
- (c) is taxable in the hands of the business trust; hence, exempt in the hands of the X and Y
- (d) is exempt in the hands of the business trust and in the hands of the unit holders X and Y
- 5. The rental component of income from real estate assets received by the business trust and distributed to its unit holders X and Y would be -**
- (a) Subject to tax in the hands of the business trust@42.744%
- (b) Subject to tax in the hands of the business trust@31.2%
- (c) Subject to tax in the hands of the unit-holder X@10% and Y@ the rates in force; such tax has to be deducted at source by the business trust.
- (d) Subject to tax in the hands of the unit-holders X and Y; business trust has to deduct tax@10% on amount distributed to X and at the rates in force on amount distributed to Y.

### Case Study 2

M/s. Yamuna Ltd., an unlisted public company, is in the business of growing rubber. The profit & loss account for the year ended 31.03.2026 of the company shows a net profit ₹ 37.65 crores after debiting depreciation of ₹ 30 crores.

The company has provided the following additional information:

- (i) The company has deposited ₹ 30 crores in a special account with NABARD on 29.04.2026.
- (ii) The company has brought forward losses of ₹ 6 crores pertaining to Assessment Year 2024-25. Mr. A who continuously held 60% of shares carrying voting power since incorporation of the

company, had sold his entire holding to Mr. B on 01.08.2025.

- (iii) The company had an accumulated balance of ₹ 200 crores in the special account with NABARD as on 01.04.2025. It has withdrawn ₹ 40 crores and utilized the same for following purposes:
- Purchase of a new sprinkling machine for use in its operation ₹ 10 crores,
  - Purchase of office appliances for corporate office at Chennai ₹ 10 crores.
  - Purchase of computers and accessories ₹ 5 crores.
  - Construction of a godown at a cost of ₹ 1 crore near the rubber estate to store raw rubber.
  - Repairs to machinery ₹ 35 lakhs.
- (iv) On 31.03.2026, the company has sold machinery which was purchased on 10.05.2022 for ₹ 10 crores. The purchase of the said machinery was in accordance with the scheme of deposit.
- (v) Depreciation allowable as per Tax Audit Report is ₹ 28 crores.

**You are required to answer the following:**

**6. What is the amount of deduction available under section 33AB?**

- (a) ₹ 30,00,00,000
- (b) ₹ 15,06,00,000
- (c) ₹ 39,65,00,000
- (d) ₹ 15,86,00,000

**7. Compute Agricultural Income of Yamuna Ltd.**

- (a) ₹ 57,44,00,000
- (b) ₹ 37,33,60,000
- (c) ₹ 20,10,40,000
- (d) ₹ 34,46,40,000

**8. Compute Amount of brought forward losses pertaining to Assessment Year 2024-25 that can be set-off from Business of A.Y. 2026-27.**

- (a) ₹ 6,00,00,000
- (b) ₹ 3,60,00,000
- (c) ₹ 2,40,00,000
- (d) None of the Above

**9. Compute Amount deemed as profits and gains of business or profession due to misutilisation/non-utilisation of amount withdrawn from NABARD A/c.**

- (a) ₹ 23,65,00,000
- (b) ₹ 10,00,00,000
- (c) ₹ 33,65,00,000
- (d) ₹ 13,65,00,000

**10. Compute Taxable Income of M/s. Yamuna Ltd. for A.Y. 2026-27.**

- (a) ₹ 14,10,40,000
- (b) ₹ 57,44,00,000
- (c) ₹ 20,10,40,000
- (d) ₹ 37,33,60,000

**Case Study 3**

X Pvt. Ltd. ("X") is an Indian company. Y Inc ("Y") is a private company incorporated in the USA and its income is not chargeable to tax in India. Both are promoted by Mr. Ayush who holds 30% equity share capital and voting power in both X and Y. The balance sheet of X as on 31<sup>st</sup> March, 2026 is as follows:

Liabilities	Amount (Rs. million)	Assets	Amount (Rs. million)
Paid up capital	250	Fixed Assets	700
Loans:	800	Investments	300
From Y	620	Cash and bank balance	200
From others	<u>180</u>		
Current liabilities	150		
<b>Total</b>	<b>1,200</b>	<b>Total</b>	<b>1,200</b>

**Additional information:**

- (i) The loan was advanced by Y to X on 1st July, 2025 in rupee terms and carries 6.5% p.a. rate of interest. For borrowers with similar risk profile who are not associated enterprises of Y, Y advances loan at 4% p.a. interest rate.
- (ii) X has maintained such information and document in respect of the international transaction as has been prescribed under section 92D but has not reported the transaction as an international transaction. X does not make any adjustment to its total income on account of application of provisions of Chapter X of the Income-tax Act, 1961 in its return of income.

**You are required to answer the following:**

**11. What is the amount of primary adjustment required to be made to the total income of X for A.Y.2026-27?**

- A. Rs. 1,16,25,000  
 B. Rs. 58,12,500  
 C. Rs. 1,55,00,000  
 D. Rs. 77,50,000

**12. If X has accepted the primary adjustment made by the Assessing Officer on 31.3.2027, what should X do if it does not want to treat the excess money as deemed advance and include interest on the same in its total income?**

- (i) The excess money which is available to Y, has to be repatriated to India within 90 days from the due date of filing of return.
- (ii) The excess money which is available to Y, has to be repatriated to India within 90 days from the date of order of the Assessing Officer.
- (iii) X has to pay additional income-tax @20.9664% on the excess money.
- (iv) Interest has to be paid upto the date of payment of additional income-tax.

The most appropriate answer is -

- A. (i) or (iii)  
 B. (ii) or (iii)  
 C. (i) or [(iii) and (iv)]  
 D. (ii) or [(iii) and (iv)]

**13. If X has accepted the primary adjustment made by the Assessing Officer on 31.3.2027 and**

**the excess money has not been repatriated into India upto 31.3.2028, what would be the consequence if X has not opted to pay additional income-tax? Assume that SBI one-year marginal cost of lending rate is 10% on 1.4.2027 and 11% on 1.4.2028.**

- A. Interest of Rs. 16,56,563 has to be added to its total income for P.Y.2027-28
- B. Interest of Rs. 11,60,509 has to be added to its total income for P.Y.2027-28
- C. Interest of Rs. 15,40,313 has to be added to its total income for P.Y.2027-28
- D. Interest of Rs. 20,53,750 has to be added to its total income for P.Y.2027-28

**14. Which factor is relevant in determining whether penalty under section 270A of the Income-tax Act, 1961 will be leviable in respect of the primary adjustment to X's total income?**

- A. Since X has maintained information and documents as prescribed under section 92D, that by itself is sufficient for holding that X has not under-reported its income
- B. If the Assessing Officer/Transfer Pricing Officer makes adjustment to X's total income on account of an international transaction not being in accordance with arm's length price, that by itself is sufficient to hold that X has under-reported its income; consequently, penalty u/s 270A is leviable
- C. Since X has not reported the transaction as an international transaction, X will be considered to have under-reported its income and penalty will be 50% of the amount of tax payable on the under-reported income
- D. Since X has not reported the transaction as an international transaction, X will be considered to have misreported its income and penalty will be 200% of the amount of tax payable on the misreported income

**15. In the scenario given above, what would be the situation on account of application of transfer pricing provisions if X, the Indian company would have been the lender and Y, the US company, the borrower?**

**Rate of interest on loan by X to Y = 6.5% p.a.**

**For borrowers with similar risk profile who are not associated enterprises of X, X advances loan at 4% p.a. interest rate.**

- A. Identical adjustment would be made to the income of Y instead of X
- B. No adjustment would be required in the hands of X or Y
- C. Identical adjustment would be made to the income of Y as well as X
- D. Adjustment would still be made to the income of X and no adjustment would be made to the income of Y

**PART - II (Descriptive Questions)**

**This part comprises 6 questions. Question No. 1 is compulsory. Attempt any 4 questions out of the remaining 5 questions.**

**Question 1****(14 Marks)**

Regal (P) Limited, incorporated on 15<sup>th</sup> December, 2022, is engaged in manufacture and sale of ceramic tiles. It commenced manufacturing in the month of January, 2023. The net profit of the company as per its statement of profit and loss for the year ended 31<sup>st</sup> March, 2026 is ₹ 220 lakh after debiting/crediting the following items:

- (i) One-time license fee of ₹ 22 lakh paid to ABC Ltd (an Indian company) for obtaining franchise on 1<sup>st</sup> June, 2025.
- (ii) ₹ 32,000 paid to B & Co., a goods transport operator, in cash on 31<sup>st</sup> January for carrying company's products to the warehouse.
- (iii) Rent of ₹ 60,000 p.m. received from letting out a part of its office premises. Municipal tax paid in respect of the said part of the building is ₹ 8,000. The same has been debited to statement of profit and loss.
- (iv) ₹ 2 lakh, being contribution to a scientific research association approved u/s 35(1)(ii).
- (v) ₹ 5 lakh paid to a contractor for repair work at the company's factory. No tax was deducted on such payment.
- (vi) Dividend income of ₹ 10,000 from Gamma Limited earned on 1,000 listed equity shares of ₹ 10 each purchased at ₹ 100 per share on 10.10.2017. These shares were sold at ₹ 280 per share. Gain of ₹ 1,80,000 on transfer of these shares also credited to profit & loss account.
- (vii) Depreciation on tangible fixed assets as per books of account ₹ 2.20 lakh.

**Additional Information:**

- (i) Depreciation on **tangible** fixed assets as per Income-tax Rules ₹ 2.60 lakh.
- (ii) Company has acquired on 15.11.2025, machinery for ₹ 20 lakhs and put the same to use on the same date. Depreciation on such machinery is not included in point (i) above.
- (iii) Fair market value of shares of Gamma Limited as on 31.1.2018 was ₹ 110 per share.
- (iv) On account of expansion of its activities, 180 new employees joined during the year, the details of whom are as follows:

	No. of employees	Date of employment	Regular/ Contractual	Total monthly emoluments per employee (₹)
(i)	51	1.4.2025	Regular	23,000
(ii)	46	1.6.2025	Regular	26,000
(iii)	48	1.8.2025	Contractual	27,000
(iv)	35	1.9.2025	Regular	24,000

The emoluments are paid by use of ECS through a bank account and it may be assumed that the employees participate in recognised provident fund.

Compute the total income of the company and tax liability for the A.Y. 2026-27, assuming that the company opts for concessional tax regime under section 115BAB.

**Question 2A****(8 Marks)**

Mr. Sanjay is a resident in India aged 55 years. He had an impressive investment portfolio in various mutual funds. He redeemed his entire mutual fund investment portfolio and bought a villa in Lonavala for ₹ 2.00 crores to spend rest of his life there. The details of mutual funds are as under:

S.N.	Type of mutual fund	Date of investment	Date of redemption	Amount invested (in ₹ lakhs)	Amount redeemed (in ₹ lakhs)
1	BLR growth fund	03.04.2021	05.01.2026	120	140
2	ABC Strategic fund	04.05.2023	02.02.2026	46	50
3	ABD Midcap fund	20.03.2025	10.02.2026	115	118
4	SBA Growth fund	08.11.2022	12.03.2026	110	120

The funds stated at 1 and 2 have invested 70% of their proceeds in debt instruments and funds stated at 3 and 4 have invested 70% of their proceeds in equity shares of domestic companies. The investment pattern of funds remained unchanged over all the years. STT is paid at the time of acquisition and redemption of mutual fund, wherever applicable.

You are required to compute capital gains chargeable to tax in the hands of Mr. Sanjay for A.Y. 2026-27.

**Question 2B****(6 Marks)**

Arnold Ltd. (incorporated in UK) has a branch office (PE) in India. The Net Profit of the Branch as per the statement of profit and loss for the year was ₹ 83 lakhs. It includes the following:

- (i) Dividend from Indian companies (listed) ₹ 8,00,000.
- (ii) Dividend from Indian companies (unlisted) ₹ 4,00,000.
- (iii) Interest from MMS Ltd. of Mumbai ₹ 7,00,000. The loan was received by the Indian company MMS Ltd. in foreign currency as per loan agreement on or before 30.6.2023 (section 194LC applicable).
- (iv) Fee for technical services from Barun Co. Ltd., Kolkata ₹ 25,00,000. The agreement was approved by Central Government. Expenditure incurred for providing technical service amounts to ₹ 6,00,000.

**Additional information:**

Total income chargeable to tax as per regular provisions of the Income-tax Act, 1961 is ₹ 20,00,000 (without considering the items (i) to (iv) above).

You are required to compute the book profit tax under section 115JB of the Act for the assessment year 2026-27 and also the total income-tax liability of the assessee.

**Question 3A****(8 Marks)**

Examine the following based on the relevant provisions of the Income-tax Act, 1961:

- (i) Satvik public charitable trust sold one of its building which was held by it for charitable purposes, for ₹ 4.2 lakhs. The asset were acquired for ₹ 2.20 lakhs. It invested ₹ 3 lakhs in fixed deposits for the tenure of 2 years.
- (ii) HelpAge, a trust established for the purpose of religious and charitable purposes. It runs a temple and a school. During the year, it received anonymous donation amounting to ₹ 3 crores for temple and ₹ 8 crores for school.

**Question 3B****(6 Marks)**

Mr. Suresh, an individual resident in India aged 60 years, furnishes you the following particulars of income earned in India, Country "X" and Country "Y" for the previous year 2025-26. India has not entered into double taxation avoidance agreement with Country X and has a double taxation avoidance agreement with country Y.

Particulars	₹
Income from profession carried on in India	8,00,000
Agricultural income in Country "X" (gross)	60,000
Dividend income from a company incorporated in Country "Y" (gross)	1,50,000
Royalty income from a literary book from Country "X" (gross)	6,00,000
Expenses incurred for earning royalty	1,00,000
Business loss in Country "Y" (Proprietary business)	65,000
Rent from a house situated in Country "Y" (gross)	2,40,000
Municipal tax paid in respect of the above house in Country "Y" (not allowed as deduction in Country "Y")	10,000

**Note:** Business loss in Country "Y" not eligible for set off against other incomes as per law of that country. Royalty income brought in India in May, 2026. The rates of tax in Country "X" and Country "Y" are 10% and 15%, respectively. Foreign Tax paid in Country "Y" = ₹ 58,500. Compute total income and tax payable by Mr. Suresh in India for Assessment Year 2026-27, assuming that he does not opt for Section 115BAC.

**Question 4A****(8 Marks)**

Examine the obligation of Tax Deduction at source/Tax Collection at source in the following cases keeping in view the provisions of the Income-tax Act:

- (i) Mr. A and Mrs. A jointly purchased a fully built-up and ready to move flat at Lucknow on 10.12.2025 from M/s XYZ Builders Limited for ₹ 86 Lacs. In addition, they have paid an amount of ₹ 4 Lacs for two car parking spaces to M/s XYZ Builders Limited. They also paid one time generator cost of ₹ 2,50,000 and swimming pool cost of ₹ 1,50,000 to the M/s XYZ Builders Limited. The stamp duty value of the property is ₹ 75 lacs. Mr. A and Mrs. A, each paid ₹ 47 lacs to the Builder for effecting the sale deed on 10.12.2025.
- (ii) Gross Salary received by Mr. Pankaj, aged 42 years during the F.Y. 2025-26 from M/s PPN Limited is ₹ 37,50,000. House property loss declared by him for the financial year (along-with documentary evidence) is ₹ 2,00,000 in respect of his self-occupied property. ₹ 60,000 is interest accrued on FDR with State Bank of India for F.Y. 2025-26 in respect of which TDS was deducted at applicable rate by the Bank. Mr. Pankaj purchased a Motor car of ₹ 32,00,000 on 01.12.2025 for personal purposes, TCS was separately charged on the purchase price of Motor Car at applicable rate. He has no other income.
- Mr. Pankaj has submitted relevant information to his employer M/s PPN Limited in prescribed form with supporting evidences.
- He also intimated his employer his intention to exercise the option to choose default tax regime for the financial year.
- (iii) An Urban Cooperative Bank (engaged in the business of banking) made an FDR of ₹ 100 crores with Union Bank of India (UBI) at 2.5% p.a. interest as per RBI guidelines for maintaining capital adequacy ratio. The said Cooperative Bank is also maintaining a current account with UBI from

which, it withdrew ₹ 4 crores in cash during the financial year 2025-26. The Cooperative Bank is filing its returns of income without any default.

**Question 4B****(6 Marks)**

State with brief reasons, which method of determination of ALP will be most appropriate in the following cases:

- (i) A Co. Ltd., Mumbai is engaged in manufacture of garments. It manufactured and supplied as per the variation and customization in finishing of products to its associated enterprises Xylo Inc. UK as compared to the goods regularly sold to third parties.
- (ii) DEF Co. Ltd., is engaged in manufacture of medicines. It manufactured semi-finished drugs in bulk and sold to related parties located in India and outside India. It adds gross profit mark up on direct and indirect costs of production.
- (iii) ZY Ltd., Bengaluru provided identical call centre services to both related and unrelated parties.

**Question 5A****(8 Marks)**

- (i) On 31.12.2025, a search under section 132 of the Income-tax Act was conducted in the business and residential premises of Mr. Rajshekaran and some gold bars were seized from the locker. Mr. Rajshekaran voluntarily disclosed ₹ 12.50 crores of income during the course of search. Later on, he filed an application for sale of the gold bars worth 5 kgs for adjustment "towards the automatic tax liability", even before the completion of the assessment by the AO. However, AO rejected the application and observed that such action can be taken only after the assessment is completed and a demand has been quantified.

Is the AO justified in rejecting the application?

- (ii) The assessee, M/s. ABC Finance Limited, a finance company, was engaged in business of leasing and hire purchase of capital equipment to existing Indian enterprises. It had obtained certain amount of loan from a UK based company in foreign currency to be used by the assessee for financing the procurement of capital equipment by its customers. While repaying said amount the assessee had to pay a higher amount in lieu of fluctuation in exchange rate, which resulted in loss of ₹ 3.57 crores. Subsequently, the assessee, while filing the return of income, claimed loss owing to exchange fluctuation, amongst others, of ₹ 1.10 crores as deduction u/s 37(1), and capitalised exchange fluctuation of ₹ 2.47 crores. However, the claim under section 37(1) was denied by the Revenue while processing return.

The Commissioner (Appeals) also rejected the assessee's claim and held that provision of section 43A for capitalisation of Exchange rate fluctuation was applicable.

In the appeal before ITAT, the appellant not only claimed deduction in respect of loss of ₹ 1.10 crores arising on account of exchange fluctuation, but also set up a fresh claim in respect of revenue expenses to the tune of ₹ 2.47 crores, erroneously capitalised in the return. The Tribunal reversed the findings of the Commissioner (Appeals) and further held that since entire amount of loan was utilised in trading operations, the expenditure so incurred was revenue in nature and allowable under section 37(1).

Whether the Tribunal is justified in deleting the disallowance of claim of ₹ 1.10 crores made by AO and allowing the additional claim of ₹ 2.47 crores as revenue expense?

**Question 5B****(6 Marks)**

Under BEPS Action Plan 13, BEPS report recommends that countries adopt a standardized approach to transfer pricing documentation, wherein it mandates the three-tier structure of (i) Master File (ii) Local File and (iii) Country-by-Country report. What are the advantages of the three-tier structure mandated by BEPS Action Plan 13? Also Explain "Static approach" and "Ambulatory approach" with regard to meaning of a term as per the domestic law, not defined in the International Tax treaty.

**Question 6A****(6 Marks)**

Mr. Abhinav Ahuja runs a travel agency business since the year 2010. His total commission receipts for the F.Y. 2025-26 is ₹ 287 lakhs. The details of receipts and payments made by him during the year 2025-26 are as follows:

Particulars	Amount (₹)	Mode of receipt/payment
<b>Date of Receipt</b>		
15.4.2025	15,65,000	BHIM UPI
27.4.2025	13,80,000	A/c payee cheque
7.5.2025	13,35,000	Bearer cheque
6.6.2025	18,21,000	A/c payee cheque
15.8.2025	15,25,000	NEFT
19.9.2025	16,72,000	NEFT
18.10.2025	15,35,600	UPI
15.2.2026	16,25,350	UPI
17.3.2026	18,19,450	NEFT
Other aggregate receipts not exceeding ₹ 2,000 per person on certain occasions from various customers. Out of this, receipts of ₹ 52,500 are received in cash.	1,44,21,600	A/c payee cheques, NEFT and UPI
<b>Payments</b>		
Aggregate all payments made during the P.Y. 2025-26	2,58,00,000	
Amount incurred for expenditure in cash (not exceeding ₹ 10,000 per person in each case)	20,58,000	

Mr. Abhinav contended that he is not required to get his accounts audited since his turnover does not exceed ₹ 3 crores and he is eligible to declare his income as per presumptive provisions of section 44AD. Examine the contention of Mr. Abhinav Ahuja.

**Question 6B****(4 Marks)**

Explain the expression "Round Trip Financing" in relation to Impermissible Avoidance Agreement (IAA).

**Question 6C****(4 Marks)**

The Indian branch of D Co Ltd, Country K has carried out some transactions with LT Co Ltd, Bengaluru. The value of the transaction is ₹ 600 crores. LT Co Ltd. applied for advance ruling in January, 20XX to know exactly the tax consequences of its transactions with the non-resident D Co Ltd., Country K, both for itself and on non-resident. Application for ruling is accepted by Board for Advance Rulings (BAR).

On 30.4.20XX, BAR pronounced its ruling and said ruling was communicated to LT Co. Ltd. on the same date. LT Co. Ltd. was, however, not satisfied with said ruling.

State whether the advance ruling pronounced by BAR is binding on LT Co. Ltd. Is there any remedy available to LT Co. Ltd. if it is aggrieved with the said ruling? Examine.