

EKATVAM ACADEMY
DT TEST PAPER 11 : TDS and TCS
CA/CMA INTER (25 Marks)

Question 1 [5 marks]

Discuss the liability of tax deduction at source under the Income-tax Act, 1961 in respect of the following cases with reference to AY 2025-26.

(i) XY a partnership firm is selling its product 'R' through the E-commerce Platform provided by AB Ltd. (E-commerce Operator). AB Ltd., credited in its books of account, the account of XY on 28.02.2025 by sum of ₹ 4,90,000 for the sale of product R, made during the month February, 2025.

Mr. Rai, who purchased product 'R' through the platform provided by AB Ltd. made payment of ₹ 60,000 directly to XY on 21.02.2025.

(ii) ABC Ltd is a producer of natural gas. During the year it sold natural gas worth ₹ 26,50,000 to M/s Deep Co., a partnership firm. It also incurred ₹ 1,70,000 as freight for the transportation of gas. It raised the invoice and clearly segregated the value of gas as well as the transportation charges.

(iii) ABC LLP paid job charges to XYZ, a partnership firm for doing embroidery work on the fabric supplied by the ABC LLP during the PY 2024-25 as under:

Bill No.	Date	Amount
1	30-04-2024	27,000
57	30-06-2024	25,000
105	30-09-2024	28,000
151	30-12-2024	32,000

Question 2 [5 marks]

Mr. Gupta, a resident Indian, is in retail business and his turnover for FY 2023-24 was ₹ 12 crores. He regularly purchases goods from another resident, Mr. Agarwal, a wholesaler, and the aggregate payments during the FY 2024-25 was ₹ 95 lakh (₹ 20 lakh on 1.6.2024, ₹ 25 lakh on 12.8.2024, ₹ 22 lakh on 23.11.2024 and ₹ 28 lakh on 25.3.2025). Assume that the said amounts were credited to Mr. Agarwal's account in the books of Mr. Gupta on the same date. Mr. Agarwal's turnover for FY 2023-24 was ₹ 15 crores.

(1) Based on the above facts, examine the TDS/TCS implications, if any, under the Income-tax Act, 1961.

(2) Would your answer be different if Mr. Gupta's turnover for FY 2023-24 was ₹ 8 crores, all other facts remaining the same?

(3) Would your answer to (1) and (2) change, if PAN has not been furnished by the buyer or seller, as required?

Question 3 [5 marks]

Discuss the TDS/TCS implications if any, for the following transactions What is the amount payable to the payee:

(i) X is a bookmaker and Mr, Y is a punter, on 22-01-2025, B has won ₹50,000 in Horse Race 1 and suffered a loss of ₹20,000 in Horse Race 2.

(ii) Mr, Santosh has let out his house property on a monthly rent of ₹60,000 from 15- 01- 2025 to Mrs. Preeti.

(iii) H. Ltd a manufacturer of luxury cars sold 50 cars on 11-05-2024 to NMP Ltd, its dealer, each car cost ₹20 Lakhs.

- (iv) AKL Ltd, a third-party administrator on behalf of an Insurance Company has settled medical bills of ₹5,00,000 submitted by Kay Hospitals Ltd. from a patient under a cashless scheme.

Question 4 [5 marks]

Explain the applicability of the provisions relating to the deduction of tax at source in the following transactions:

- i. Max Limited pays ₹ 1 lakh to Mini Limited, a resident contractor, who under the contract dated 15th October, 2024, manufactures the products according to specification of Max Limited by using materials purchased from Max Limited.
- ii. A Company operating a Television Channel makes payment of ₹ 5 lakhs to a former cricketer for making running commentary of a one-day cricket match.

EL Limited, a Foreign Company pays outside India salary to its employee, Mr. Raghavan, a Foreign national and a non-resident for services rendered in India.

Question 5 [5 marks]

Discuss the liability for TDS in the following cases for the AY 2025-26:

- (i) Wings Ltd, has paid amount of ₹15 lakhs during the year ended 31-3-2025 to Airports Authority of India towards landing and parking charges.
- (ii) Ramesh gave a building on sub-lease to Mac Ltd, with effect from 1-7-2024 on a rent of ₹ 15,000 per month. The company also took on hire machinery from Ramesh with effect from 1-11-2024 on hire charges of ₹ 25,000 per month. The rent of building and hire charges of machinery for the year 2024-25 were credited by the company to the account of Ramesh in its books of account on 31-3-2025.
- (iii) ₹1,95,000 paid to Mr, X on 01-02-2025 by Karnataka State Government on compulsory acquisition of his urban land. What would be your answer if land is agriculture land?