



TOPIC : FULL COURSE

SECTION -A

QUESTION : 1

M.C.Q NO. 1 TO 10 carries 1 mark each

M.C.Q NO. 11 TO 20 carries 2 marks each

1. A Ltd. credited Rs.28,000 towards fees for professional services and Rs.27,000 towards fees for technical services to the account of Ram in its books of account on 12.11.2018. The total sum of Rs.55,000 was paid by cheque to Ram on the same date.
  - (a) No tax is deductible at source from such payment
  - (b) Tax is deductible at source@10% u/s 194J on the entire payment of Rs.55,000
  - (c) Tax is deductible at source@10% u/s 194J on Rs.25,000 (Rs.55,000 - Rs.30,000)
  - (d) Tax is deductible at source@2% u/s 194-J on Rs.25,000 (Rs.55,000 - Rs.30,000)
  
2. An application for advance ruling was made on 31.05.2018 in relation to a transaction proposed to be undertaken by Mr. Andrew, a resident of Germany. On 07.07.2018, he decides to withdraw the said application.
  - (a) Application cannot be withdrawn once filed
  - (b) Application can be withdrawn on 07.07.2018 only with special permission of Principal Chief Commissioner
  - (c) Application cannot be withdrawn since 30 days from date of application have passed
  - (d) Application can be withdrawn on 07.07.2018 with permission of the AAR, if the circumstances of the case so justify
  
3. Alpha Ltd.'s total income of A.Y.2019-20 has increased by Rs.34 lakhs due to application of arm's length price by the Assessing Officer on transactions of purchase of goods from its foreign holding company in respect of a retail trade business carried on by it, and the same has been accepted by Alpha Ltd., then, -
  - (a) business loss of A.Y.2015-16 cannot be set-off against the enhanced income
  - (b) deductions under Chapter VI-A cannot be claimed in respect of the enhanced income
  - (c) unabsorbed depreciation of A.Y.2010-11 cannot be set-off against the enhanced income
  - (d) Business loss referred to in (a), deductions referred to in (b) and unabsorbed depreciation referred to in (c) cannot be set-off against the enhanced income.

4. Mr. Sam (aged 40 years), a US football match referee, has earned income from football tournaments in India for A.Y. 2019-20. What are the TDS provisions applicable while making payment to him?
- (a) TDS @20.8% as per section 194E
  - (b) TDS @5.2% as per section 194E
  - (c) TDS under section 195
  - (d) No tax is deductible at source
5. Which of the following amounts, if debited to the statement of profit or loss, are required to be added while computing book profits for the purpose of MAT?
- (a) Income-tax
  - (b) Proposed dividend
  - (c) Depreciation
  - (d) Interest on Income-tax
  - (e) Amount transferred to general reserve
  - (f) Provision for losses of subsidiary company
  - (g) Dividend paid
- (a) I, III, V, VI, VII
  - (b) I, II, V, VII
  - (c) I, II, III, IV, V, VI, VII
  - (d) I, II, III, V, VI, VII
6. Air India Ltd. has paid amount of Rs.20 lakhs during the year ended 31.3.2019 to Airports Authority of India towards landing and parking charges.
- (a) No tax is deductible at source from such payment
  - (b) Tax is deductible at source@2% u/s 194C on such payment
  - (c) Tax is deductible at source@2% u/s 194-I on such payment
  - (d) Tax is deductible at source@10% u/s 194-I on such payment
7. Mr. X, set up a manufacturing unit in Warangal in the state of Telangana on 01.06.2018. It invested Rs.30 crore in new plant and machinery on 1.6.2018. Further, it invested Rs.25 crore in the plant and machinery on 01.11.2018, out of which Rs. 5 crore was second hand plant and machinery. The depreciation allowable under section 32 for A.Y.2019-20 is
- (a) Rs.15.375 crore
  - (b) Rs.20.375 crore
  - (c) Rs.14.875 crore
  - (d) Rs.11.375 crore
8. Ms. Neha is a working partner in Ramaiya & Associates. As per the terms of the partnership deed, she is paid a fixed monthly salary of Rs.39,800. In this case, salary of Rs.39,800 shall be charged to tax in the hands of Neha in which head of income and to what extent?
- (a) Salaries
  - (b) Profits and gains of business or profession, to the extent of amount allowed to the Firm u/s 40(b).
  - (c) Profits and gains of business or profession, to the extent of amount not allowed to the Firm u/s 40(b).
  - (d) Income from other sources

9. PQR Ltd. is a company which already possesses a TAN and uses the same for the purpose of TDS. Now, PQR Ltd. wants to sell some scrap of his business to A Ltd. on which it is required to collect tax at source @1%. Whether PQR Ltd. is required to apply for a separate TAN for the purpose of TCS?

- (a) No, PQR Ltd. is not required to apply for a separate TAN for the purpose of TCS as TAN allotted for TDS can be used for TCS also.
- (b) Yes, PQR Ltd. is required to apply for a separate TAN for the purpose of TCS as tax deduction account number and tax collection account number are different account numbers.
- (c) No, PQR Ltd. is not required to apply for a separate TAN for the purpose of TCS as there is no requirement of obtaining TAN for the purpose of TCS.
- (d) No, PQR Ltd. is not required to apply for a separate TAN for the purpose of TCS as in case of TCS, PAN can be quoted in place of TAN.

10. Music Academy, as per its rules, pays a fixed honorarium per concert to each musician performing in the concerts organised by it. Hari, a violinist, however, refuses to accept this sum. If he requests Music Academy to pay such sum directly to Aid Us, an unregistered institution providing relief to the poor and needy in rural India, what would be the tax consequence?

- (a) No amount would be chargeable to tax in the hands of Mr. Hari, since this is a case of diversion of income at source by overriding title.
- (b) The amount payable to Aid Us would be chargeable to tax only in the hands of Mr. Hari, since it is a case of application of income.
- (c) The amount payable to Aid Us would be chargeable to tax only in the hands of the institution which has received the amount.
- (d) The amount payable to Aid Us would be chargeable to tax both in the hands of Mr. Hari and in the hands of the institution.

11. Mr. Harry and Mr. Sujoy, resident and Indian citizens, have been appointed as senior officials of County A embassy and County B embassy, respectively, in India in October, 2018. Mr. Harry and Mr. Sujoy are subjects of Country A and Country B, respectively, and are not engaged in any other business or profession in India. The remuneration received by Indian officials working in Indian embassy in County A is exempt but in County B is taxable. The tax treatment of remuneration received by Mr. Harry and Mr. Sujoy from embassies of Country A and Country B, respectively, in India for the P.Y. 2018-19 is:

- (a) Exempt from income-tax under section 10
- (b) Taxable under the Income-tax Act, 1961
- (c) Remuneration received by Mr. Harry is exempt but remuneration received by Mr. Sujoy is taxable
- (d) Remuneration received by Mr. Sujoy is exempt but remuneration received by Mr. Harry is taxable

12. A private bank has not filed its statement of financial transaction or reportable account in relation to the specified financial transactions for the financial year 2018-19. A notice was issued by the prescribed income-tax authority on 1st October, 2019 requiring the bank to furnish the statement by 31st October, 2019. The bank, however, furnished the statement only on 15th November, 2019. What would be the penalty leviable under section 271FA?
- (a) Rs.91,500
  - (b) Rs.13,600
  - (c) Rs.16,800
  - (d) Rs.22,800
13. Suppose Mr. Naveen is an employee working in a public sector. What will be the consequence of the following transaction for A.Y. 2019-20?
- He repaid a loan in cash of Rs.24,000 (including interest of Rs.5,000), which he took from his friend for higher studies.
- (a) Disallowance under section 40A(3) of Rs.24,000
  - (b) Penalty under section 271E of Rs.24,000 due to violation of section 269T
  - (c) Penalty under section 271E of Rs.19,000 due to violation of section 269T
  - (d) No disallowance or Penalty under section 271E, since the principal loan amount is less than Rs.20,000
14. Mr. X received an assessment order dated 11.11.2018 on 15.11.2018 wherein his total income was assessed at Rs.20 lakh. The returned income of X was Rs.5 lakh. However, Mr. X did not accept the assessment order and filed an appeal against the same before the Commissioner of Income Tax (Appeals). Now, while contesting the appeal, he wishes to submit some evidences that were not submitted by him before the Assessing Officer. As the Tax Consultant of Mr. X, what will be your advise to him regarding the submission of the said evidences?
- (a) Commissioner of Income Tax (Appeals) has no power to accept any evidences other than the evidences already submitted before the Assessing Officer.
  - (b) Commissioner of Income Tax (Appeals) may accept the additional evidences if the conditions given in Rule 46A(1) of the Income-tax Rules, 1962 are satisfied.
  - (c) Commissioner of Income Tax (Appeals) may accept the additional evidences if the conditions given in Rule 46 (1) of the Income-tax Rules, 1962 are satisfied.
  - (d) Commissioner of Income Tax (Appeals) has no power to reject any evidences which the Appellant wishes to submit before him during the appellate proceedings.
15. Kamala charitable trust, registered u/s 12AA, having its main object as medical relief, earned dividend income of Rs.3 lakhs, income of Rs.2 lakhs from mutual funds registered under section 10(23D) and agricultural income of Rs.4 lakhs during the P.Y.2018-19. Which of the following statements is correct?

- (a) The trust has to apply such income for charitable purposes as per the provisions of section 11 to claim exemption in respect of such income.
- (b) The trust can claim exemption under section 10(1), 10(34) and 10(35) in respect of its agricultural income, dividend and income from mutual funds, respectively, without applying such income for charitable purposes.
- (c) The trust can claim exemption under sections 10(34) and 10(35) in respect of its dividend and income from mutual funds, respectively, without applying such income for charitable purposes. However, it cannot claim exemption under section 10(1) in respect of agricultural income without applying such income for charitable purposes.
- (d) The trust can claim exemption under section 10(1) in respect of its agricultural income without applying such income for charitable purposes. However, it cannot claim exemption in respect of its income from mutual funds registered under section 10(23D) and dividend income of Rs.3 lakhs without applying such income for charitable purposes.

16. During the P.Y. 2018-19, R & Partners, a partnership firm, purchased the following assets on 05.05.2018:

- Machine A for Rs.10,00,000 (Rs.5,00,000 paid in cash and balance transferred through NEFT)
- Machine B for Rs.5,00,000 (Rs.2,00,000 paid through a bearer cheque and balance amount paid through account payee cheque)
- Machine C for Rs.8,00,000 (Rs.3,00,000 paid through account payee bank draft and balance amount paid in cash)
- Machine D for Rs.7,00,000 (whole amount transferred through RTGS)

For Machine B, a cash subsidy of Rs.50,000 was received by the firm from the Government. Compute the total amount of actual cost of the block of machinery in the hands of the firm.

- (a) Rs.29,50,000
- (b) Rs.18,00,000
- (c) Rs.17,50,000
- (d) Rs.19,50,000

17. A Bench of the Authority for Advance Rulings ("AAR") consists of a Chairman/Vice-chairman, one revenue member and one law member. An Assessee filed an application before the AAR pertaining to interpretation of certain provisions of the Income-tax Act, 1961. Determine which of the following persons can be a revenue member of the AAR for the purpose of adjudicating the said application?

- (a) A person from the Indian Revenue Service who is qualified to be a member of CBDT
- (b) A person from the Indian Customs and Central Excise Service who is qualified to be a member of CBEC
- (c) A member from the Indian Legal Service
- (d) Any person from the Indian Revenue Service

18. The assessment of Satpura Ltd. was completed under section 143(3) with an addition of Rs.18 lakhs to the returned income. Satpura Ltd. preferred appeal before the Commissioner (Appeals) which is pending now. Which of the following statements is incorrect?

- (a) The A.O. can initiate reassessment proceedings in respect of income chargeable to tax which has escaped assessment, provided such income which has escaped assessment does not form part of the additions of Rs.18 lakhs to the returned income, which is the subject matter of appeal.
- (b) The A.O. can pass an order under 154(1) to rectify a mistake apparent from the record, provided the rectification is in relation to a matter, other than the matter which has been considered and decided in the appeal before Commissioner (Appeals).
- (c) Under section 264, the Commissioner can revise the order pending before the Commissioner (Appeals), if the revision pertains to a matter, other than the matter(s) covered in the appeal before Commissioner (Appeals).
- (d) Under section 263, if the order is prejudicial to the interests of the revenue, the Commissioner can revise the order pending before the Commissioner (Appeals), if the revision pertains to a matter, other than the matter(s) covered in the appeal before Commissioner (Appeals).

19. Abhinav, an individual aged 52 years resident in India, bought 3,000 equity shares of Rs.10 each of Theta Ltd. at Rs.70 per share on 1.6.2018. He sold 1,800 equity shares at Rs.50 per share on 3.11.2018 and the remaining 1,200 shares at Rs.60 per share on 23.3.2019. Theta Ltd. declared a dividend of 40%, the record date being 14.8.2018. On 15.3.2019, Abhinav sold a house from which he derived a long-term capital gain of Rs.1,25,000. Assuming Abhinav's interest income from bank fixed deposit is Rs.3,00,000, his tax liability (rounded off) for A.Y.2019-20 would be

- (a) Rs.18,620
- (b) Rs.19,920
- (c) Rs.20,110
- (d) Rs.18,440

20. If Country A is a notified jurisdictional area (NJA), then, the rate at which interest receivable from an infrastructure debt fund notified u/s 10(47) is taxable in the hands of Mr. Ram, a resident of Country A, and the rate at which tax has to be deducted at source on such income are, respectively, -

- (a) 30% and 5%
- (b) 5% and 5%
- (c) 30% and 30%
- (d) 5% and 30%

**SECTION –B**

**Question No. 1 is compulsory**

**Attempt any four questions from the remaining five questions**

**QUESTION : 1**

MNO Corporation LLP, is carrying on two business viz. Textile manufacture and Operation of cold chain facility. It gives you the following information for the year ended 31<sup>st</sup> March, 2019:

Net Profit as per profit & loss Account :

From Textile Manufacture	Rs. 10,25,000
From Operation of cold chain facility	Rs. 20,50,000

The following items are debited to Profit & Loss Account :

- (i) Interest on capital payable to partners @ 15% on total capital of Rs. 100 lakhs.
- (ii) Working partner salary Rs. 36 lakhs (i.e., Rs. 1 lakh each per month for 3 partners).
- (iii) Depreciation on textile factory building Rs. 5 lakhs.
- (iv) Depreciation on Plant & Machineries of textile business Rs. 35 lakhs.
- (v) Keyman insurance policy premium paid Rs. 1,55,000.

Other Information :

Eligible depreciation under section 32 for the previous year 2018 – 19 are :

- (i) On plant & machineries of textile business Rs. 27 lakhs.
- (ii) On factory building relating to textile business Rs. 4 lakhs.

The assessee set up and operating a cold chain facility since 1<sup>st</sup> April, 2017. It incurred capital expenditure towards construction of cold chain facility during the period from 1<sup>st</sup> June, 2015 to 31<sup>st</sup> March, 2017 as under :

Cost of land (acquired on 1<sup>st</sup> June 2015) Rs. 30 lakhs.

Cost of construction of building and machineries installed till 31<sup>st</sup> March, 2017 Rs. 50 lakhs.

The income of the firm for the previous year 2017 – 18 (Assessment Year 2018 – 19) is given below :

Income from Textile manufacture Rs. 12 lakhs.

Income from cold chain facility Rs. 30 lakhs (before deduction under section 35AD)

The firm originally had 4 equal partners and one partner retired on 31.3.2018. The partnership agreement authorizes payment of salary and interest on capital which are debited to Profit & Loss Account.

**You are requested to compute the total income of the firm for the A.Y. 2019 – 20.**

Note : Ignore Alternative Minimum Tax (AMT) under section 115JC.

**(14 MARKS)**

**QUESTION : 2**

(a) Alpha and Beta Tyres Limited, an Indian Company engaged in the manufacture of Tyres in Andhra Pradesh, has adopted IndAS from 1.4.2016. The following particulars are provided for the year ended 31.3.2019 :

1. Net profit as per statement of profit and loss is Rs. 20 crores debit and credit of the following items :

**Items Debited :**

- (i) Depreciation Rs. 18 crores. Included in depreciation is Rs. 3 crores, being amount provided on revalued assets.
- (ii) Interest charged for delay in remittance of tax deducted at source Rs. 20 lakhs.

**Items Credited :**

- (i) Share Income from Association of Persons in which the company is a member Rs. 50 lakhs. (The AOP is charged to tax at Maximum Marginal Rate)
- (ii) Amount of Rs. 6 crores withdrawn from revaluation reserves on account of revaluation of assets.

**Other Information :**

1. The application of a financial creditor for corporate insolvency resolution process has been admitted by the Hyderabad Bench of the National Company Law Tribunal under section 7 of the Insolvency and Bankruptcy Code, 2016.
2. Brought forward business loss and depreciation.

Assessment Year	Business Loss	Depreciation
2015 – 16	Rs. 3 crores	Rs. 1 Crore
2016 – 17	Rs. 5 crores	Rs. 2 crores

3. Items credited to other comprehensive income which will not be reclassified to profit or loss :
- (i) Re – measurement of defined employee retirement benefits plan Rs. 50 lakhs.
- (ii) Revaluation surplus of property, plant and equipment Rs. 1 crore.
4. The transition amount as on convergence date 1.4.2016 stood at Rs. 5 crores including capital reserve of Rs. 50 lakhs (credit balance).
5. Tax payable under the regular provisions of the Income – Tax Act, 1961 is Rs. 0.73 crores.

- (i) **Compute Minimum Alternate Tax payable** by the company for the Assessment Year 2019 – 20.
- (ii) **Compute the amount of MAT credit eligible for carried forward.**

**(8 MARKS)**



- (b) The following data is furnished by Mr. Sumedh, a non – resident and a person of India Origin, for the financial year ended 31.3.2019 :

A:	Long – term capital gains arising on transfer of foreign exchange asset on 31.7.2018 (computed)	Rs. 6,50,000
	Expenditure wholly and exclusively incurred in connection with such transfer (not considered above)	Rs. 80,000
	Interest on deposits held with private limited companies	Rs. 5,90,00
	Interest on Government Securities	Rs. 95,000
	Interest on deposits with public limited companies	Rs. 2,60,000
	Dividends from Domestic Companies	Rs. 75,000
B:	Savings and Investments	
	Investment in notified savings certificats referred to in section 10(4B) on 30.3.2019	Rs. 2,00,000
	Investment in shares of India public limited companies on 31.12.2019	Rs. 3,00,000
C:	Tax deducted at source	Rs. 1,83,000

**Compute balance tax payable/ refund due for the assessment year 2019 – 20 in accordance with special provisions applicable to non – residents.**

**(6 MARKS)**

**QUESTION : 3**

- (a) M/s Mahan Charitable Trust is running an Educational Institution with hostel facility for the orphan children. It is registered under section 12AA.

The details of income and expenditure of the Trust are as given below :

- (a) Voluntary contributions received during the year Rs. 150 lakhs.  
This is includes :
- (i) Corpus donation Rs. 20 lakhs
  - (ii) Donation of Rs. 20 lakhs from Mr. Michael, a foreign donor, which was received on 31.3.2019.
- (b) Salary paid to teachers and administrative staff Rs. 40 lakhs.
- (c) Other general expenses Rs. 10 lakhs include payment to grocery stores of Rs. 30,000 by crossed cheque.
- (d) A land belonging to the Trust in a nearby village which was purchased in the year 2013 – 14 for Rs. 5 lakhs was sold for Rs. 10.50 lakhs and another land adjacent to the Trust premises was purchased for Rs. 12 lakhs to be used as playground for the children.
- (e) Five laptops costing Rs. 50,000 each were purchased during the year for teaching purpose.
- (f) The Trust had accumulated Rs. 30 lakhs under section 11(2) in the financial year 2014 – 15 for constructing a school building. Amount spent for the said purpose till 31.3.2019 was Rs. 27 lakhs. The project is completed with a saving in project cost.
- (g) Two additional rooms measuring 1500 sq. ft each was constructed in the existing hostel for the children. Cost of construction is Rs. 1200 per sq. ft.
- (h) It made a corpus donation of Rs. 20 lakhs to a charitable trust registered u/s 12AA having similar objects.

**Compute taxable income of Mahan Charitable Trust for the assessment year 2019 - 20. Support your answer with necessary working notes.**

**(8 MARKS)**

- (b) Beta Inc. having its business in Singapore has advanced a loan of SD 1,60,000 to Beta Ltd., Mumbai. Book value of total assets of Beta Ltd. was Rs. 125 lakhs. Beta Ltd. provides software backup support of Beta Inc. Beta Ltd. has spent 50,000 manhour during the financial year 2018 – 19 for the services rendered to Beta Inc. The cost of Beta Ltd. is SD 75/ manhour. Beta Ltd. has billed Beta Inc. at SD 90.75/ manhour.

Gama Ltd. in Mumbai which has a similar business model, provides software backup support to Olive Inc. in Penang, Malaysia. Gama Ltd's cost and operating profits are as hereunder :

Particulars	INR in lakhs
Direct Costs	600
Indirect Costs	200
Operating profits	200

- (1) **Calculate Arm's Length Price for the transaction** between Beta Ltd. and Beta Inc. based on the above data of Gama Ltd. using the Transactional Net Margin Method.

Assume ISD = Rs. 45

- (2) Explain, if there is any adjustment to be made to the total income of Beta Ltd.

Note : SD = Singapore Dollars

**(6 MARKS)**

#### QUESTION : 4

- (a) Deer Co. Ltd. engaged in the business of manufacture of furniture items on contract basis. It sub – contracted the production of cushion for the chairs to M/s Lion & Co, a sole proprietary concern. The sub – contractor M/s. Lion & Co procured the raw materials for production of cushions, performed further labour works and supplied the same to Deer Co Ltd. it raised its bill on Deer Co Ltd., showing the cost of raw materials Rs. 4,00,000 and labour charges Rs. 1,50,000 separately. **Explain briefly the tax deduction requirement in the hands of Deer Co. Ltd.** (2 MARKS)

- (b) M/s PMPC, a partnership firm, is engaged in the manufacture of cardboard carton boxes used in packaging industry. During the year, it has sold cutting waste generated amounting to Rs. 30 lakhs to M/s PAPC Ltd. a paper manufacturing company. It uses such cutting waste purchased as raw material for its production.

**Discuss the implication of this transaction with respect to tax collected at source.**

**(2 MARKS)**

- (c) **First Alternative**

Maha Bank Ltd. accepted fixed deposits of Rs. 20 crores in the name of Registrar General of the High Court and issued a fixed deposit receipt in compliance with a direction passed by the court in relation to certain proceedings. The Bank did not deduct tax on the interest accrued. The Assessing Officer issued a notice to the bank to show cause as to why it should not be treated as an assessee in default under sections 201(1) and 201 (1A) for not deducting tax at source on interest accrued.

Examine whether the bank is correct in not deducting tax on the interest accrued.

## Second Alternative

“Blue Moon”, a popular television channel, incurred the following expenses :

- (a) It paid Rs. 50 lakhs as prize money to the winner of a famous quiz programme “Who will be a millionaire ?
- (b) It paid Rs. 6 lakhs to a cameraman for shooting multi – episodes of a long documentary serial.

**Examine TDS obligations** in the hands to television channel for the above said payments.

**(4 MARKS)**

- (d) ABC & Co., an Indian LLP, is solely engaged in the manufacture and export of engine, engine parts including cooling systems and engine valves. It had supplied auto components worth Rs. 72 crores during financial year 2018 – 19 to XYZ LLP, a foreign LLP located in Germany, controlled by A & B, the partners of India LLP along with their relatives. Against the aggregate value of transactions entered into as mentioned above, the Indian LLP incurred an operating expenditure of Rs. 60 crores leaving an operating profit of Rs. 4.50 crores.
  - (i) **Compute the primary adjustment required to be made in A.Y. 2019 – 20, if any, assuming that the India LLP exercised a valid option for application of safe harbor rules prescribed under Rule 10TD read with section 92CB of the Income – Tax Act, 1961.**
  - (ii) Examine the applicability of safe harbor rules, if the Foreign LLP is located in a Notified Jurisdictional Area.

**(6 MARKS)**

## QUESTION : 5

- (A) An Assessing Officer entered a hotel run by a person, in respect of whom he exercise jurisdiction, at 8.30 p.m. for the purpose of collecting information, which may be useful for the purpose of the Act. The hotel is kept open for business every day between 8 a.m. and 10 p.m. The hotelier claims that the Assessing officer could not enter the hotel after sunset. The Assessing officer wants to take away with him the books of account kept at the hotel.

**Examine the validity of the claim** made by the hotelier and the proposed action of the Assessing Officer with reference to the provisions of section 133B of the Income – tax Act, 1961.

**(4 MARKS)**

- (B) Cash of Rs. 25 lacs was seized on 12.9.2018 in a search conducted as per section 132 of the Act. The assessee moved an application on 27.10.2018 to release such cash after explaining the sources thereof, which was turned down by the department. The assessee seeks your opinion on, the following issues :
  - (i) Can the department withhold the explained money ?
  - (ii) If yes, then to what extent and upto what period ?

**(4 MARKS)**

- (C) How to interpret a Treaty in light of the principles laid down under Vienna Convention ?

**(3 MARKS)**

- (D) Is interest u/s 234C leviable where shortfall in tax paid is on account of under – estimate or failure to estimate : CG; winnings from lotteries etc. ; PGBP income where such income arises for the first time to the assessee ?

**(3 MARKS)**

**QUESTION : 6**

- (a) You are appointed as the taxation manager of Tatla Well Ltd. in the context of tax planning, what all are the tests that are to be satisfied for the tax planning strategy to be successful ? State them briefly.

**(4 MARKS)**

- (b) Mr. Srinivasan was Central Government pensioner, who expired on 10.5.2019. An amount of Rs. 10 lakhs in cash was deposited into his savings bank account maintained in a nationalized bank on 28.2.2019, which was reported by the banker u/s 285BA. A notice was issued by the Assessing Officer to Mrs. Srinivasan who is his legal representative to file his Return of Income. Mrs. Srinivasan has approached you as a Tax Consultant as to the course of action to be undertaken by her, since she is unaware of her, since she is unaware of her deceased husband's financial dealings.

**What will be your advice to Mrs. Srinivasan ?**

**(4 MARKS)**

- (c) **Examine and state the correctness or otherwise of each of the following statements** in the context of international tax treaties between the countries and answer in brief with reasons / contents thereof :

- (i) "Providing assistance in the collection of the fair and legitimate share of tax by the countries involved" is the sole objectives of Tax Treaties entered among Countries.
- (ii) A protocol is an integral part of the Tax Treaty and has the same binding force as the main clauses therein.

**(6 MARKS)**